

COUNTY OF BEDFORD, VIRGINIA



Comprehensive Annual Financial Report

Fiscal Year Ended
June 30, 2000

COUNTY OF BEDFORD, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2000

DEPARTMENT OF FISCAL MANAGEMENT



COUNTY OF BEDFORD

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INTRODUCTORY SECTION



Bedford County

OFFICE OF THE COUNTY ADMINISTRATOR

November 15, 2000

Members of the Board of Supervisors and the Citizens of the County of Bedford:

The Comprehensive Annual Financial Report of the County of Bedford, Virginia, for the fiscal year ended June 30, 2000 is submitted as required by state law. This report has been prepared by the staff of your Department of Fiscal Management to conform with the standards of financial reporting as established by the Governmental Accounting Standards Board (GASB) and the Commonwealth of Virginia Auditor of Public Accounts (APA).

Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data as presented is accurate in all material aspects. It is set forth in a manner designed to fairly present the financial position and results of operations of the County, as measured by the financial activity of our various funds. All disclosure necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

This report is divided into four sections: Introductory, Financial, Statistical and Compliance. The Introductory Section is intended to familiarize readers with the organizational structure of County government, the nature and scope of the services that are provided and the specifics of our legal operating environment. The Financial Section provides an overview of the County's financial position, the opinion of the independent auditor and the detail financial statements for the overall operations of the County. The Statistical Section is designed to provide a historical perspective of the County's financial condition and to reflect the social and economic trends of the area. The Compliance Section is prepared in conformity with the provisions of the Single Audit Act of 1984 as amended, and the U.S. Office of Management and Budget's Circular A-133, Audits of State and Local Governments. This section includes information on federal grants compliance, schedules of all federal funds expended by the County and reports on internal control and compliance.

THE REPORTING ENTITY

This report includes all funds and account groups of the County. It includes all governmental organizations and activities for which the Board of Supervisors is financially accountable. In Virginia, cities and counties are distinct units of government and do not overlap. Therefore, the government of the County is responsible for providing a full range of local government services to its residents including public safety, public education, health and welfare, parks and recreation and community development. In addition to these general governmental services, the County also operates a nursing home and a solid waste disposal facility which are reported in separate enterprise funds. All entities which the County is financially accountable have been incorporated into this report to form the reporting entity.

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The County provides education through its own school system administered by the Bedford County School Board (the "School Board"), operates a joint library system with the City of Bedford administered by the Bedford Public Library Board (the "Library Board") and promotes economic development through the Industrial Development Authority (the "IDA"). These agencies have been classified as discretely presented component units in the financial reporting entity because they are legally separate entities for which the County is financially accountable. They are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the County and to distinguish their financial position, results of operation and cash flows from those of the County.

The elected School Board administers the School Board's appropriation within the categories defined by the Commonwealth of Virginia and the Board of Supervisors' financial accountability over the School Board is limited to approving transfers between categories and authorizing school debt issuance. The Library Board, appointed equally by the County and City of Bedford, administers the library system which is an independent regional library. The County provides a major portion of the Library's annual revenue and a majority of the buildings where the Library conducts its business are owned by the County. The Industrial Development Authority has the power to issue tax-exempt industrial development revenue bonds to qualifying enterprises wishing to utilize that form of financing with those bonds representing limited obligations of the IDA to be repaid solely from the revenue and receipts derived from the projects funded with these proceeds. The debt outstanding does not constitute a debt or pledge of the faith and credit of the County or the IDA.

The County provides judicial and law enforcement services for the citizens of the County as well as the City of Bedford. The total cost of these services are presented in this report. The City reimburses the County for these services based on the total population of both localities as reported in the 1990 census. The City of Bedford has 11.74% of the total population and are charged for these services accordingly.

In addition, the County provides health and welfare services to the City through the Departments of Health and Social Services, respectively. The City reimburses the County for these services based on the actual caseload for each fiscal year.

Pursuant to an agreement dated June 28, 1988, the County provides public school services and educational programs for the students of the City of Bedford. The City reimburses the County for its share of the net expenses based on its percentage of students as determined by the March 30 Average Daily Membership (ADM) of each fiscal year. The total cost of these services are presented in this report.

ORGANIZATION OF GOVERNMENT

The County of Bedford was formed in 1754 and named for the Fourth Duke of Bedford, a British government official. The County is organized under the traditional form of County Government. Under this form, the locality is directed by a seven member Board of Supervisors who are elected by election districts. The Board is responsible for establishing the policies and ordinances that provide the direction for the government, for approving the annual budget, and

has exercised its authority under Virginia law to appoint a County Administrator and Attorney. The County Administrator serves at the pleasure of the Board and is given authority and responsibility for carrying out the policies and ordinances of the County and to direct County operations.

LOCAL ECONOMIC CONDITIONS AND OUTLOOK

Bedford County, Virginia, located in the west central part of the state, is the fifth largest county in Virginia in land area with 764 square miles and has an estimated 1999 population of 56,600. The independent City of Bedford, with an estimated 1999 population of 6,200, serves as the County seat. The area abounds with natural beauty and outdoor recreational opportunities offering residents an attractive and pleasant environment in which to live, work and play.

Strategically located between the metropolitan areas of Lynchburg and Roanoke, the County is one of the fastest growing areas in the state. A good mix of industry, commerce and agriculture ensures a strong, diversified economy and positive business climate. The Board of Supervisors is committed to continuing a strong, diverse local economy that enables it to maintain its low unemployment rate, currently 2.3%. This is the lowest unemployment rate in over ten years.

The County's per capita income continues to increase significantly each year. The latest year that figures are available is for calendar year 1998. In 1998, Bedford County's per capita income was \$24,279. This is an increase of over \$2,100 or almost 10% from the previous calendar year. Over the past ten years, the annual increase in per capita income has averaged over 5%.

The attractiveness of the County's quality of life, low crime rates and strong education system have resulted in the County's continued population growth. Over the past ten years, the County's population has increased over 26% and the school population has increased over 27%. While the population growth has slowed in recent years to a manageable rate, the commercial and industrial growth activity continues to be a key factor in the County's growth. Ten years ago, commercial and industrial building permits accounted for less than three percent of the new construction permits issued. In FY 1999-2000, commercial and industrial activity accounted for over eight percent of the new construction. This is a considerable increase and can be attributable to the County's economic development efforts.

The total tax levied on the 10 principal taxpayers in the County is \$3,282,388 which represents approximately 10% of the total tax levy. Over the past two years, the total tax for the ten principal taxpayers in the County has remained relatively constant at 10%. This figure is the direct result of the County's continued efforts to diversify its tax base through increased retail and commercial activity.

MAJOR INITIATIVES and ACCOMPLISHMENTS

In order to enable County staff to focus its resources and efforts towards accomplishing the Board of Supervisors' priorities, the Board adopts Goals and Objectives for the fiscal year. The 1999-2000 fiscal year was a year in which the Board of Supervisors priorities were accomplished and government operations were carried out on a sound financial basis. The following is a summary of the County's major initiatives and accomplishments during the fiscal year.

- **Review of Zoning Ordinance Following One Year Anniversary of Adoption:** Proposed changes to Zoning Ordinance were distributed June 19, 2000. The Planning Commission and the Board of Supervisors have held worksessions and proposed revisions to the ordinance are complete. Public Hearings will be held in December 2000 and January 2001.
- **Implementation of a Household Hazardous Waste Program:** This program was implemented October 1999 with great success. This program gives the residents of the County the opportunity to properly dispose of household hazardous products in a safe manner without any cost.
- **Acquire Land and Develop One to Two Solid Waste Convenience Centers:** A new convenience center was opened in Moneta which offers a full service solid waste disposal facility for the citizens in that area.
- **Develop a Nursing Home Viability Plan:** The first two phases of a four phase plan have been completed. It is anticipated that the next two phases will be completed during FY 2000-2001. In developing the viability plan, the County is working closely with area legislators to initiate legislation that will assist not only the County's nursing home but other nursing home facilities across the Commonwealth.
- **Develop, Review and Approve Amended Fire and Rescue Districts throughout the County:** A time distance study of all fire companies and rescue squads was completed. The results were reviewed by committees appointed by the Fire Commissioner and the Rescue Squad President. Changes agreed to by the committees were incorporated into the proposed plan. The Board of Supervisors reviewed the proposed plan and adopted it unanimously in April 2000.
- **Adopt a Revised Subdivision Ordinance:** The Board completed a comprehensive review and update of the Subdivision Ordinance for the first time in 12 years. The newly revised adopted ordinance includes necessary environmental controls to protect a growing community.

OTHER HIGHLIGHTS

September 1999 marked the completion of the \$7.1 million library building program. The voter mandated referendum paid for new or expanded libraries at Big Island, Forest, Moneta, Montvale and Stewartsville.

The Year 2000 did not present any problems for the County. Following the Commonwealth's lead, County offices were closed January 2. Beginning December 31 and continuing until County offices were opened on January 3, all electronic data processing systems and other electronic equipment with imbedded chips were checked and verified to ensure that they were accepting the year 2000. Staff dedicated numerous extra hours during the remediation phase and then in the testing phase. Management is please to report that their efforts were rewarded. The provision of services to our citizens was not interrupted as a result of the Year 2000.

Authorized the issuance of \$12,030,340 in Virginia Public School Authority (VPSA) Bonds for completion of two new elementary schools; one in the western end of the County and one in the eastern end of the County and authorized the issuance of \$4,200,000 in VPSA Bonds for the first two phases of the renovation and addition of Liberty High School.

PROSPECTS FOR THE FUTURE

The 2000-2001 Goals & Objectives adopted by the Board of Supervisors include:

1. Develop a Master Fire and Rescue Plan
2. Update Recreation Master Plan to coincide with update of Comprehensive Plan
3. Study and develop a plan to consolidate and convert dumpster sites to full convenience centers with the goal of at least one conversion per fiscal year
4. Develop and execute an agreement with other localities for the acquisition, development and sharing of future revenues for a regional economic development park in western Bedford County
5. Develop and execute an agreement with other Region 2000 localities for the acquisition, development and sharing of future revenues for a regional economic development park in Bedford County
6. Study the implementation of additional tax relief programs for the elderly and handicapped
7. Study the development of an agricultural and open space preservation program
8. Study the concept of establishing a centralized purchasing system for the County including the school
9. Update the County's Comprehensive plan into a workable document that directs and focuses the efforts of all County agencies and functions

ECONOMIC DEVELOPMENT

As part of the County's overall economic development plan, Bedford County continues its participation in Virginia's Region 2000, a public-private partnership made up of business, government and community leaders committed to developing and carrying out ongoing local, state, national and international economic development program for its seven localities: the Counties of Amherst, Appomattox, Bedford and Campbell, the Cities of Lynchburg and Bedford, and the Town of Altavista. The ultimate purpose of Virginia's Region 2000 effort is to strengthen the economy of all localities in the region by increasing job opportunities and expanding the tax base.

In addition to attracting new businesses, the Board recognizes the need to continue to make businesses in the County feel "at home" and foster an atmosphere for retention and growth of existing businesses. One of Region 2000's major goals is to provide existing businesses the necessary tools to continue to be competitive. The development of a comprehensive Existing Business Program is assisting in achieving this goal.

The Existing Business Program has developed numerous programs that assist existing industries ability to compete in today's business environment. Quality First is a 16-week training program in Total Quality Management. Region 2000 has helped local companies certify their operations to ISO standards equipping them to take advantage of world trade growth opportunities. Through the Central Virginia Community College (CVCC), skills training is available in CAD-CAM, electronics, programmable logic controls, machine tool trades and industrial mechanics. A consortium of representatives of industry, schools and government are pooling resources in pursuit of continued growth and prosperity of the manufacturing industries within our area.

Economic development projects include the following:

- Began marketing efforts for the 100 acre joint industrial park with the City of Bedford located off Independence Blvd. in the City. Previously, the County and the City of Bedford entered into a voluntary revenue sharing agreement creating a joint industrial park in the City and identifying four Joint Economic Development Areas in the County. As part of the agreement, the City is required to spend 50% of the shared revenue on installing water and sewer lines in the shared revenue areas. The implementation of additional infrastructure will spur more commercial and light industrial development in these areas.
- Initiated talks with surrounding localities to create two regional industrial parks in the County to position Bedford County to meet the needs of its growing business and industry community and to provide job opportunities to our citizens.
- Began development of a 40 acre industrial park in Montvale
- Began development of an 18 acre commercial park, also in Montvale.

TOURISM

The County, in cooperation with the City of Bedford, is a Virginia Tourism accredited community. An active tourism program positively affects the economic health of the area. During this fiscal year, the Board of Supervisors provided funding for the National D-Day Memorial; restoration of Poplar Forest, Thomas Jefferson's retreat; the Sedalia Center, a not-for-profit cultural arts center; the Bedford City/County Museum; and the Explore Park, a living history center. On an ongoing basis the County cooperates with the Bedford Area Chamber of Commerce and the Smith Mountain Lake Chamber/Partnership to provide a tourism program including marketing and direct assistance to travelers.

ACCOUNTING AND BUDGETARY CONTROLS

Although the County budgets and manages its financial affairs using the cash basis of accounting, generally accepted accounting principles require that localities use the accrual or modified accrual basis of accounting to prepare financial statements. The modified accrual basis of accounting recognizes revenues when measurable and available and recognizes expenditures when the services or goods are received and the liabilities incurred. The accruals recorded on the financial statements for the fiscal year ended June 30, 2000, reflect cash that will not be received or disbursed until fiscal year 2000-2001. Accounting records for the County's proprietary fund types are maintained on the accrual basis.

In developing the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (a) the safeguarding of assets against loss from unauthorized use or disposition, and (b) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that: (a) the cost of a control should not exceed the benefits likely to be derived, and (b) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe the County's internal accounting controls adequately safeguard assets and provides reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the departmental level. The budget is implemented through appropriations that are made by the Board of Supervisors on an annual basis with supplemental appropriations made as required. These appropriations, except for those to incur mandated expenditures, may be greater or less than contemplated in the budget.

All appropriations lapse at year end. Material encumbrances outstanding at year end in the Governmental Funds are reported as a reservation of fund balance since they do not constitute expenditures or liabilities. Funding for these encumbrances is reappropriated in the subsequent year.

GENERAL GOVERNMENTAL OPERATIONS

REVENUES

Overall, General Governmental Revenues totaled \$96,969,176 in FY 1999-2000. This represents an increase of \$10,060,391 or 11.6% over FY 1998-99. The amount of revenues from various sources and their increase or decrease over the last fiscal year are shown in the next page both in a table and a pie chart. Intergovernmental revenues and general property taxes continue to be the two greatest sources of revenues and accounted for over 90% of the overall increase.

80% of the total increase in revenues is due to an increase in revenues from other governments; i.e. Federal Government and the Commonwealth of Virginia. Of this amount, over 55% of the increase from other governmental units was realized by the School System. Increased revenue from the Commonwealth is the primary reason for the substantial increase. Another 25% of the increase in Intergovernmental Revenues was due to the Commonwealth paying the County for the Personal Property Tax Relief Program. This is not a true increase in overall revenue; rather a redirection of funds from General Property Taxes to Intergovernmental. The remaining 20% of the increase is due mainly to increased revenue from the Commonwealth for their share of the Comprehensive Youth Services Program.

Over 10% of the increased revenues was realized in the major category of General Property Taxes. This is due to an increase of the real estate tax rate from \$0.59 to \$0.67 and as a result of continued growth in the County. The total assessed value of all property in the County, which includes real, personal and public service corporation property, totaled approximately \$3.8 billion for the fiscal year. This represents an increase of approximately 10%. The key reasons for such a significant increase are the increase in commercial and industrial activity and the steady increase in residential growth. It is important to note that while the Board deemed it necessary to increase the real estate tax rate to meet the needs of the taxpayers and to fund the programs mandated by the Commonwealth and Federal Governments, it is still lower today than it was in 1989.

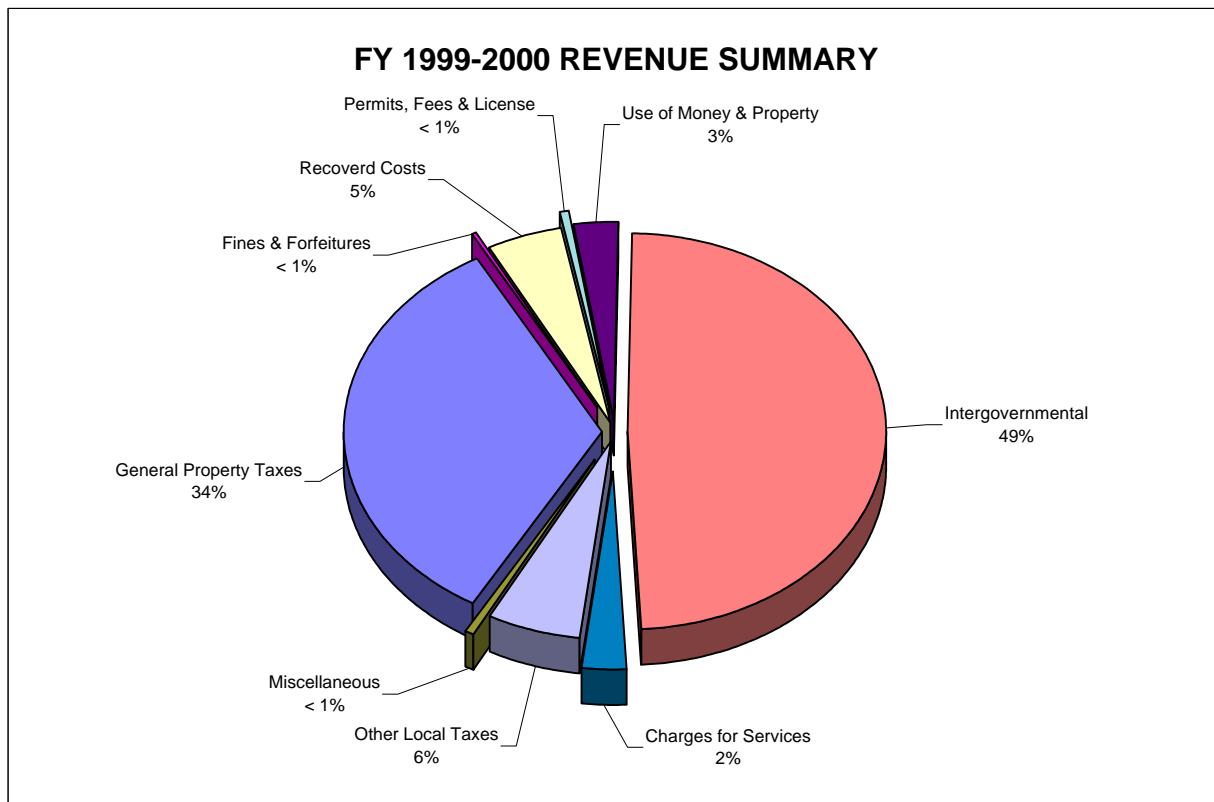
Each revenue source as a percentage of the total revenue generated by the County, did not change significantly from last fiscal year. It appears that the General Property Taxes declined as a portion of the total while Intergovernmental revenues increased. This would lead one to believe that the County is receiving a greater portion of the revenue needed to run the County from the Commonwealth and the Federal Government. However, once the increase in revenues from the Commonwealth for the Personal Property Tax Relief Program are accounted for, the overall increase in Intergovernmental Revenues, as a percent of the total revenues, was only 1.5%.

Bedford County continues to experience solid tax collections. The current tax collections are approximately 92.4% of the total tax levy. This rate is close to the average collection rate over the past 10 years. Additional information concerning assessments, tax rates, and property taxes is presented in Note 12 and in the Statistical Section of this report.

GENERAL GOVERNMENTAL REVENUES

Fiscal Year 1999-2000

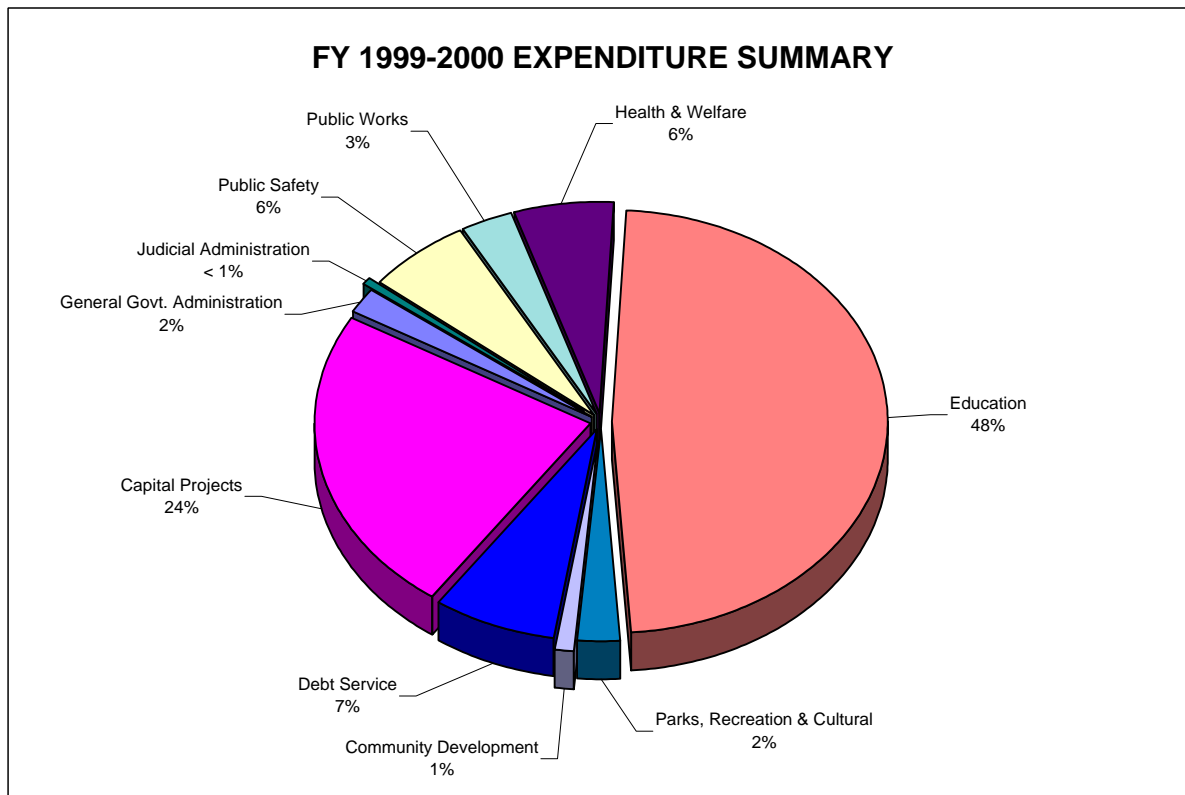
<u>Revenue Source</u>	<u>FY 1998-99</u>	<u>FY 1999-2000</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From FY 1998-99</u>	<u>Percent Change</u>
General Property Taxes	\$ 31,440,866	\$ 32,662,307	33.7%	\$1,221,441	3.9%
Fines & Forfeitures	93,521	110,914	0.1%	17,393	18.6%
Recoverd Costs	4,488,034	4,702,339	4.8%	214,305	4.8%
Permits, Fees & License	584,639	542,042	0.6%	(42,597)	-7.3%
Use of Money & Property	1,965,082	2,575,882	2.7%	610,800	31.1%
Intergovernmental	39,628,203	47,619,116	49.1%	7,990,913	20.2%
Charges for Services	2,374,239	2,446,809	2.5%	72,570	3.1%
Other Local Taxes	5,636,269	5,891,040	6.1%	254,771	4.5%
Miscellaneous	697,932	418,727	0.4%	(279,205)	-40.0%
TOTAL	\$ 86,908,785	\$ 96,969,176	100%	\$10,060,391	11.6%



GENERAL GOVERNMENTAL EXPENDITURES

Fiscal Year 1999-2000

<u>Expenditure Function</u>	<u>FY 1998-99</u>	<u>FY 1999-2000</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From FY 1998-99</u>	<u>Percent Change</u>
General Government Administration	\$ 2,298,565	\$ 2,149,863	1.8%	(\$148,702)	-6.5%
Judicial Administration	740,539	775,832	0.7%	35,293	4.8%
Public Safety	6,335,703	7,098,194	6.1%	762,491	12.0%
Public Works	3,784,264	3,623,734	3.1%	(160,530)	-4.2%
Health & Welfare	5,635,289	6,853,367	5.8%	1,218,078	21.6%
Education	49,005,872	56,488,295	48.2%	7,482,423	15.3%
Parks, Recreation and Cultural	2,516,905	2,723,563	2.3%	206,658	8.2%
Community Development	966,793	1,433,656	1.2%	466,863	48.3%
Debt Service	8,105,046	8,457,411	7.2%	352,365	4.3%
Capital Projects	15,381,919	27,626,341	23.6%	12,244,422	79.6%
TOTAL	\$ 94,770,895	\$117,230,256	100%	\$22,459,361	23.7%



GENERAL GOVERNMENTAL OPERATIONS

EXPENDITURES

General Governmental Expenditures in FY 1999-2000 totaled \$117,230,256, an increase of 23.7% over fiscal year 1998-99. The single largest increase in expenditures, both in real dollars and in percentages is due to capital projects. The second largest increase in real dollars is for education. The third largest increase in expenditures is in Health and Welfare areas. The amount of expenditure for each major function of the County and the increase or decreases over last fiscal year are shown on the preceding page.

As a percent of total expenditures, Education continues to be the single largest expenditure function at approximately 48.2%. At first glance this appears to be a decrease from last year where the percentage of expenditures for education was 52% of the total. However, only the operational expenses of the School System are reported under the major function of Education. Debt Service and Capital Projects expenditures are reported under those categories. Exhibit 2, page 6, shows the expenditures by major function broken out by the component units. If the operational expenditures of \$56,488,295 are combined with the debt service expenditures of \$6,998,188 and the capital projects expenditures of \$17,554,990, the percent of the total expended for the public school system is 69%; an increase of over 5% from last fiscal year. The Board of Supervisors is committed to a strong educational program for the children of Bedford County because it believes they are the County's most valuable resource.

The second largest expenditure source is Capital Projects. This is a direct result of the growth that Bedford County has, and continues to experience. During the past fiscal year, the County completed the \$7.1 million library building program. The voter mandated referendum paid for new or expanded libraries at Big Island, Forest, Moneta, Montvale and Stewartsville. The major renovation and expansion of the Courthouse and Social Services office building continues ahead of schedule and under budget. In addition, the School System substantially completed the construction of two new elementary schools and began the renovation and expansion of Liberty High School.

Expenditures in the area of Health & Welfare increased by over \$1.2 million. The Comprehensive Youth Services Act (CSA) program continues to dominate this growth in expenditures. In FY 1999-2000, CSA expenditures increased by over 25%.

Expenditures in Community Development increased by \$466,863. This represents an increase of almost 50%. The primary reason for such a large increase is the implementation of the Joint City/County Industrial Park and corresponding revenue sharing plan. Over \$500,000 in County revenue was shared with the City of Bedford which will allow them to extend water and sewer lines into the required areas of the County.

GENERAL FUND - FUND BALANCE

The County believes that sound financial management principles requires sufficient funds be retained to provide a stable financial base at all times. To maintain this stable financial base, the County needs to maintain a General Fund Balance sufficient to fund all cash flows of the County, to provide financial reserves for unanticipated expenditures and revenue shortfalls and to provide funds for encumbrances.

The General Fund balance at year end is \$32,538,332. This balance includes \$12,646,412 reserved for ongoing construction projects, encumbrances, debt service, and amounts held in special funds; a designated amount of \$6,710,499 for specific projects previously approved by the Board; and an unreserved, undesignated fund balance in the amount of \$13,181,421. The undesignated balance is in compliance with the Adopted Fund Balance Policy. The unreserved, undesignated fund balance continues to grow proportionately with the County's assessed valuation of real property.

GENERAL FIXED ASSETS

The general fixed assets of the County consist primarily of property, equipment and vehicles used in the performance of general governmental functions and are accounted for in the general fixed asset account group. This account group excludes the fixed assets of the proprietary fund types which are accounted for in the respective funds. This amount represents historical cost or estimated historical cost at the date of purchase if historical cost is not available. Depreciation is not provided on the general fixed assets. As of June 30, 2000, the general fixed assets of the County were approximately \$31.5 million. The major increase in fixed assets is due to the construction in progress of the Courthouse.

PROPRIETARY OPERATIONS

The County has established proprietary funds for two separate and distinct activities; Bedford County Nursing Home and the Landfill. These funds have been established by the County with the intention that the costs (expenses, including depreciation) of providing these services be financed or recovered primarily through user charges.

The Bedford County Nursing Home is a 56 bed intermediate care facility which is committed to quality care for the residents and meeting staff needs. The most recent state inspection reported no deficiencies in quality of care. The nursing home operates at an average occupancy rate of over 95%.

The Bedford County Landfill charges tipping fees for all waste disposed of in the facility. The tipping fee is sufficient to fund current operations, expansion of future cells, and establish a fund to pay for closure and post closure monitoring.

RISK MANAGEMENT

The County participates in statewide self-insurance pools for workers compensation, general liability, automotive liability, public officials liability, law enforcement liability, property, and crime coverages. These insurance pools were created to provide local governments with a stable insurance market, reduce the cost of insurance for municipalities and to improve risk management and loss prevention programs. General liability coverage was maintained at \$2,000,000 per occurrence with a \$2,000,000 general aggregate limit. The County also maintains umbrella liability coverage over its general liability limits of \$2,000,000.

CASH MANAGEMENT

The Treasurer has adopted an investment policy which was endorsed by the Board of Supervisors in July, 1997. This policy uses a pooled cash concept to allow greater investment flexibility and consequently a better return on investments. Cash from all funds except those restricted for specific purposes is pooled for investment with maturities planned to coincide with cash needs. Funds not immediately needed (30 days or greater) are invested in overnight repurchase agreements or in the Commonwealth of Virginia's Local Government Investment Pool. Total interest earnings for the General Fund as reported in Schedule 1 was \$2,087,011. Interest earnings jumped considerably due to the funds available for the construction projects in progress.

DEBT ADMINISTRATION

The ratio of bonded debt (not including capital leases) to assessed valuation, the amount of bonded debt per capita and the ratio of debt service payments as a percentage of General Governmental Expenditures are useful indicators of the County's debt position to management, citizens and investors. The Board of Supervisors adopted a Debt Obligation Policy that set out debt parameters for the County. These parameters are:

- Net Debt as a percentage of assessed value will not exceed 3.5%
- Net Debt Per Capita will not exceed \$1,750 per capita
- General Obligation Debt Service and Capital Lease payments as a percentage of General Governmental Expenditures will not exceed 15%

Table 6 in the Statistical Section of this report details the County's ratio of net bonded debt to total assessed value and the net bonded debt per capita for the last ten fiscal years. The net bonded debt as a percentage of total assessed value has averaged less than 1.4% over the last ten fiscal years and 1.6 % over the last five fiscal years. Net Bonded Debt Per Capita has averaged \$653.40 over the last ten years and \$805.60 over the last five years. While the debt per capita has increased considerably, the County has embarked on an unprecedented building campaign and population growth has slowed to a manageable rate of a little less than 2%.

Table 10 details the ratio of annual debt service expenditures for general bonded debt to total general government expenditures for the last ten fiscal years. Over the last ten fiscal years, this percentage has averaged 6.3 and 7.0 for the last five fiscal years.

Recognizing the growing uses of capital leases to finance certain capital projects, the Board of Supervisors Debt Obligation Policy states that “for the purposes of this Policy, any Capital Lease obligation whereas not legally considered debt of the County, shall be treated as such.” These calculations are presented below.

	<u>Net General Bonded Debt</u>	+	<u>Capital Leases</u>	=	<u>Total Net General Debt</u>
FY 1999-2000	\$ 59,961,989		\$ 22,394,916		\$ 82,356,905
	<u>Total Net General Debt</u>	<u>Ratio of Net General Debt to Assessed Value</u>	<u>Net General Debt Per Capita</u>		<u>Ratio of Debt Service to General Government Expenditures</u>
FY 1999-2000	\$82,356,905	2.38%	\$1,432		9.41%

The County is in compliance with each of the three debt parameters as set forth by the Board of Supervisors in the Debt Obligation Policy .

INDEPENDENT AUDIT

Section 15.1167, Code of Virginia of 1950 as amended requires an annual audit of the books, financial records, and transactions of all departments and agencies of the County by an independent auditor. The Board of Supervisors engaged the firm of Brown Edwards & Company, L.L.P. Roanoke, Virginia to complete this audit. This requirement has been complied with and the auditor's reports are an integral part of this report.


CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Bedford, Virginia for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 1999. This was the third consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

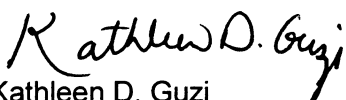
ACKNOWLEDGMENTS

The preparation of this report on a timely basis was made possible by the dedicated and professional staff of the Department of Fiscal Management. We would like to express our appreciation to all members of the staff who assisted and contributed to its preparation. We would also like to thank the members of the Board of Supervisors for their continued interest and support in planning and conducting the financial operations of this County in a responsible, timely and progressive manner. Lastly, we would like to express our appreciation to the County's independent auditing firm, Brown, Edwards & Company, L.L.P. for their cooperation and assistance in these efforts.

Respectfully submitted,



William C. Rolfe
County Administrator



Kathleen D. Guzi
Deputy County Administrator



Susan L. Crawford
Director Fiscal Management

Certificate of Achievement for Excellence in Financial Reporting

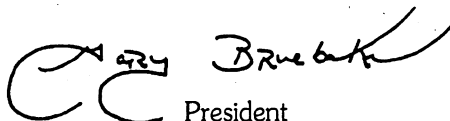
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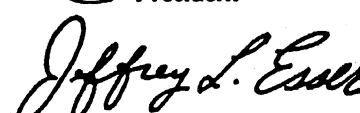
County of Bedford,
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.




Cary Brubaker
President


Jeffrey L. Esser
Executive Director

COUNTY OF BEDFORD
DIRECTORY OF PRINCIPAL OFFICIALS

MEMBERS OF THE BOARD OF SUPERVISORS

Kirby E. Richardson, Chairman
Lucille H. Boggess, Vice Chairman

Roger W. Cheek	Dr. Robert L. Bashore
Dale C. Wheeler	Bobby G. Pollard
E. Anthony Ware, II	

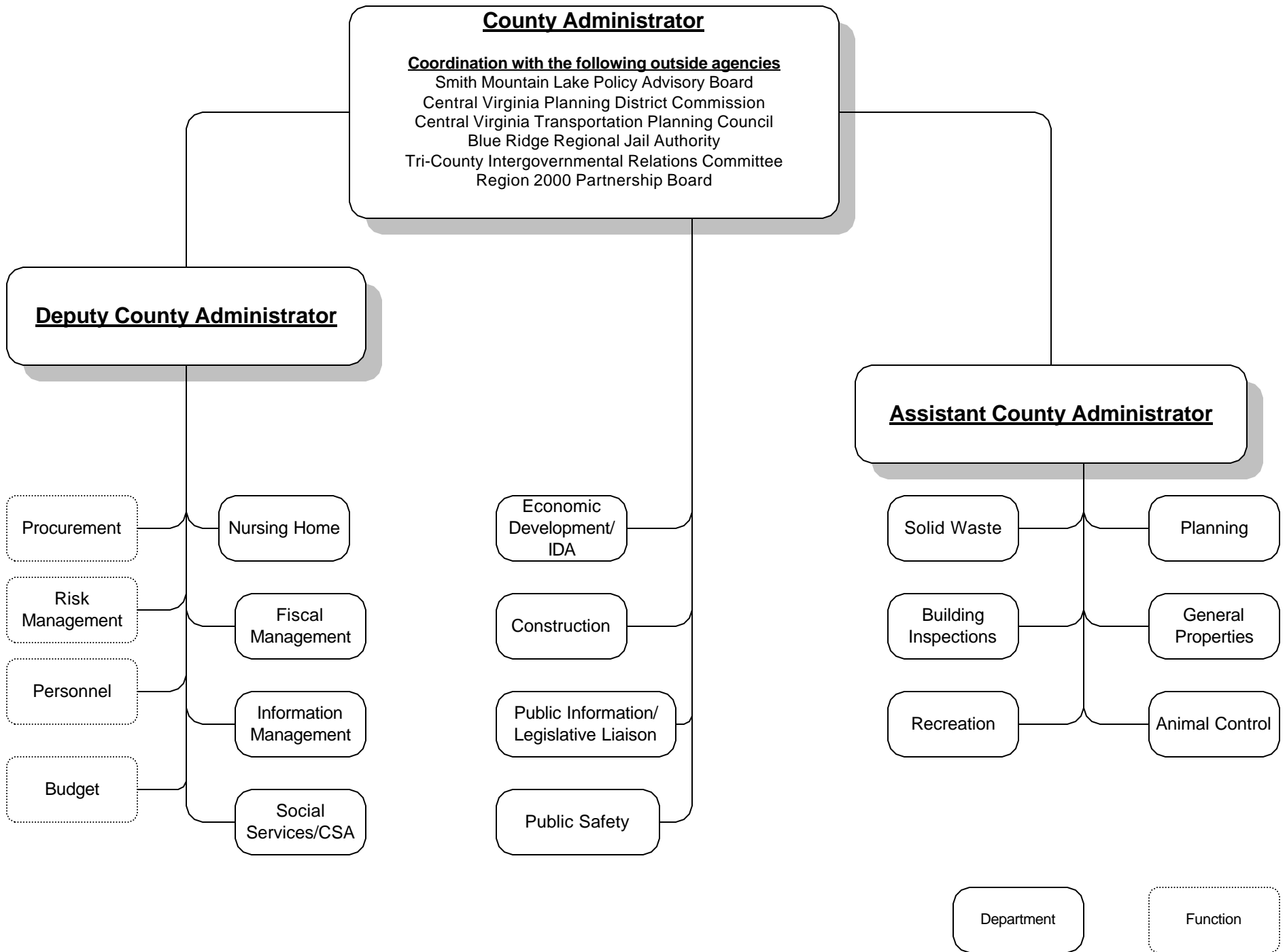
MEMBERS OF COUNTY SCHOOL BOARD

Wesley P. Gordon, Jr., Chairman
Mickey Vanderwerker, Vice Chairman

Mark B. Goode	Betty L. Earle
Shirley B. McCabe	Stanley W. Butler
Keven A. Mele	Jim Fields

OTHER OFFICIALS

William C. Rolfe	County Administrator
Kathleen D. Guzi	Deputy County Administrator
Michael T. Dorsey	Assistant County Administrator
J.G. Overstreet	County Attorney
Susan L. Crawford, CPA	Director of Fiscal Management
Dr. James Blevins	Superintendent of Schools
Beverly A. Padgett, CPA	Schools Director of Finance
Leighton T. Langford, Jr.	Director of Social Services
Carol W. Black	Clerk of the Circuit Court
Randy W. Krantz	Commonwealth's Attorney
Faye W. Eubank	Commissioner of the Revenue
Norma M. Edwards	Treasurer
Michael J. Brown	Sheriff
Marie Batten	Registrar



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FINANCIAL SECTION

Financial Section contains the General Purpose Financial Statements, Combining Financial Statements, and Supporting Schedules. These statements include all fund types and account groups used by the County in order to provide an overview of the financial position and results of operations for the County as a whole.

INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Board of Supervisors
County of Bedford
Bedford, Virginia

We have audited the accompanying general purpose financial statements and the combining financial statements of the County of Bedford, Virginia, as of and for the year ended June 30, 2000, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *Specifications for Audits of Counties, Cities, and Towns*, *Specifications for Audits of Authorities, Boards, and Commissions*, and *Specifications for Audits of Industrial Development Authorities*, each issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the County as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles. Also, in our opinion, the combining financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the County as of June 30, 2000, and the results of operations of such funds and cash flows of individual proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2000 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the County taken as a whole and on the combining financial statements. The accompanying schedule of expenditures of federal awards, required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*, and the accompanying financial information listed as supporting schedules in the accompanying table of contents is presented for purposes of additional analysis and are not required parts of the financial statements of the County. Such information has been subjected to the auditing procedures applied in the audit of the general purpose and combining financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and the account groups taken as a whole.

The statistical schedules listed in the table of contents are not a required part of the basic financial statements, and we did not audit or apply limited procedures to such information. Accordingly, we do not express any assurances on such information.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 6, 2000

— Providing Professional Business Advisory & Consulting Services —

GENERAL PURPOSE FINANCIAL STATEMENTS

COUNTY OF BEDFORD

EXHIBIT 1

**COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2000**

	Governmental Fund Type	Proprietary Fund Types	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	Component Units			Totals (Memorandum Only)	
	General	Enterprise	Agency	General Fixed Assets	General Long-term Debt	Primary Government	School Board	Public Library	Industrial Development Authority	2000	1999
ASSETS AND OTHER DEBITS											
Cash and cash equivalents (Note 2)	\$ 25,275,729	\$ 4,092,325	\$ -	\$ -	\$ -	\$ 29,368,054	\$ 1,789,985	\$ 92,273	\$ 356,966	\$ 31,607,278	\$ 29,366,521
Cash and cash equivalents, restricted (Note 2)	12,439,467	14,673	372,910	-	-	12,827,050	6,074,758	27,345	-	18,929,153	23,693,959
Receivables, net of allowances:											
Property taxes, including penalties	11,466,215	-	-	-	-	11,466,215	-	-	-	11,466,215	9,957,512
Accounts	-	244,564	-	-	-	244,564	-	-	-	244,564	159,138
Other	356,303	-	-	-	-	356,303	19,413	-	33,208	408,924	246,208
Due from other funds (Note 3)	115,199	175,487	-	-	-	290,686	-	-	-	290,686	1,466,396
Due from primary government (Note 3)	-	-	-	-	-	-	4,271,212	-	-	4,271,212	4,235,925
Due from component units (Note 3)	81,213	-	-	-	-	81,213	-	-	-	81,213	52,915
Due from other governmental units (Note 4)	1,587,652	-	-	-	-	1,587,652	1,606,053	-	-	3,193,705	2,710,874
Inventories	-	-	-	-	-	-	107,802	-	-	107,802	113,915
Prepaid items	31,835	6,924	-	-	-	38,759	-	60,191	-	98,950	780,646
Land and buildings held for resale and lease	-	-	-	-	-	-	-	-	1,515,657	1,515,657	1,548,602
Fixed assets (Note 5)	-	4,448,649	-	31,526,359	-	35,975,008	133,677,989	1,132,518	-	170,785,515	141,601,490
Amount available for the retirement of general long-term obligations (Note 8)	-	-	-	-	337,075	337,075	-	-	-	337,075	333,566
Amount to be provided for the retirement of general long-term obligations (Note 6)	-	-	-	-	29,345,027	29,345,027	55,867,915	33,320	-	85,246,262	73,523,017
Total Assets and Other Debits	<u>\$ 51,353,613</u>	<u>\$ 8,982,622</u>	<u>\$ 372,910</u>	<u>\$ 31,526,359</u>	<u>\$ 29,682,102</u>	<u>\$ 121,917,606</u>	<u>\$ 203,415,127</u>	<u>\$ 1,345,647</u>	<u>\$ 1,905,831</u>	<u>\$ 328,584,211</u>	<u>\$ 289,790,684</u>
LIABILITIES											
Accounts payable and accrued liabilities	\$ 1,498,252	\$ 34,348	\$ -	\$ -	\$ -	\$ 1,532,600	\$ 2,167,850	\$ 14,040	\$ 4,242	\$ 3,718,732	\$ 3,117,396
Accrued payroll and related liabilities	72,542	35,619	-	-	-	108,161	5,777,046	15,396	-	5,900,603	5,486,772
Due to other funds (Note 3)	175,487	115,199	-	-	-	290,686	-	-	-	290,686	1,466,396
Due to primary government (Note 3)	-	-	-	-	-	-	-	81,213	-	81,213	52,915
Due to component units (Note 3)	4,271,212	-	-	-	-	4,271,212	-	-	-	4,271,212	4,235,925
Due to other governmental units (Note 4)	111,208	-	-	-	-	111,208	-	41,815	-	153,023	365,230
Assets held in agency capacity	-	14,673	372,910	-	-	387,583	-	-	-	387,583	212,689
Deferred revenues	12,217,276	-	-	-	-	12,217,276	-	-	-	12,217,276	11,173,483
General obligation bonds (Note 6)	-	-	-	-	7,100,000	7,100,000	50,480,340	-	-	57,580,340	43,830,000
Refunding bonds (Note 6)	-	-	-	-	-	-	-	-	-	-	1,010,000
State literary fund loans (Note 6)	-	-	-	-	-	-	2,381,649	-	-	2,381,649	2,753,989
Capital lease obligations (Note 6)	-	480,769	-	-	19,616,231	20,097,000	2,778,685	-	-	22,875,685	23,116,553
Employee leave liability (Note 6)	-	68,680	-	-	707,640	776,320	227,241	33,320	811	1,037,692	903,339
Landfill closure/post-closure liability (Notes 6 and 15)	469,304	1,947,676	-	-	2,258,231	4,675,211	-	-	-	4,675,211	6,350,388
Total Liabilities	<u>18,815,281</u>	<u>2,696,964</u>	<u>372,910</u>	<u>-</u>	<u>29,682,102</u>	<u>51,567,257</u>	<u>63,812,811</u>	<u>185,784</u>	<u>5,053</u>	<u>115,570,905</u>	<u>104,075,075</u>
EQUITY AND OTHER CREDITS											
Contributed capital (Notes 5 and 7)	-	2,916,031	-	-	-	2,916,031	-	-	208,000	3,124,031	3,086,739
Investment in fixed assets	-	-	-	31,526,359	-	31,526,359	133,677,989	1,132,518	-	166,336,866	137,124,378
Retained earnings (Note 8)	-	3,369,627	-	-	-	3,369,627	-	-	1,692,778	5,062,405	3,744,363
Fund balances (deficits): (Note 8)											
Reserved	12,646,412	-	-	-	-	12,646,412	5,207,312	27,345	-	17,881,069	37,753,715
Unreserved:											
Designated	6,710,499	-	-	-	-	6,710,499	717,015	-	-	7,427,514	4,835,631
Undesignated	13,181,421	-	-	-	-	13,181,421	-	-	-	13,181,421	(829,217)
Total Retained Earnings/Fund Balances	<u>32,538,332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,907,959</u>	<u>5,924,327</u>	<u>27,345</u>	<u>-</u>	<u>43,552,409</u>	<u>45,504,492</u>
Total Equity and Other Credits	<u>32,538,332</u>	<u>6,285,658</u>	<u>-</u>	<u>31,526,359</u>	<u>-</u>	<u>70,350,349</u>	<u>139,602,316</u>	<u>1,159,863</u>	<u>1,900,778</u>	<u>213,013,306</u>	<u>185,715,609</u>
Total Liabilities, Equity and Other C:	<u>\$ 51,353,613</u>	<u>\$ 8,982,622</u>	<u>\$ 372,910</u>	<u>\$ 31,526,359</u>	<u>\$ 29,682,102</u>	<u>\$ 121,917,606</u>	<u>\$ 203,415,127</u>	<u>\$ 1,345,647</u>	<u>\$ 1,905,831</u>	<u>\$ 328,584,211</u>	<u>\$ 289,790,684</u>

The Notes to Financial Statements are
an integral part of this statement.

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COUNTY OF BEDFORD

EXHIBIT 2

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS
Year Ended June 30, 2000**

	Primary Government General Fund	Component Units School Board	Public Library	Totals (Memorandum Only) Reporting Entity	
				2000	1999
SOURCES OF FINANCIAL RESOURCES					
Revenues:					
General property taxes (Note 12)	\$ 32,662,307	\$ -	\$ -	\$ 32,662,307	\$ 31,440,866
Other local taxes	5,891,040	-	-	5,891,040	5,636,269
Permits, privilege fees and regulatory licenses	542,042	-	-	542,042	584,639
Fines and forfeitures	110,914	-	-	110,914	93,521
Revenue from use of money and property	2,139,367	426,324	10,191	2,575,882	1,965,082
Charges for services	401,613	2,012,486	32,710	2,446,809	2,374,239
Other	134,630	249,109	34,988	418,727	697,932
Recovered costs	699,351	4,002,988	-	4,702,339	4,488,034
Intergovernmental	11,596,285	34,828,766	1,194,065	47,619,116	39,628,203
Total Revenues	54,177,549	41,519,673	1,271,954	96,969,176	86,908,785
Other Sources:					
Operating transfers in from:					
Primary government:					
Governmental Fund types	-	21,605,566	-	21,605,566	19,383,919
Proprietary Fund types	170,000	-	-	170,000	1,388,234
Within Component Unit Fund types	-	-	3,216	3,216	12,223
Other financing sources:					
Bond proceeds: (Note 6)					
General obligation bonds	-	16,333,905	-	16,333,905	5,200,000
Capital lease proceeds (Note 6)	-	743,953	-	743,953	16,518,640
Total Sources of Financial Resources	54,347,549	80,203,097	1,275,170	135,825,816	129,411,801
USES OF FINANCIAL RESOURCES					
Expenditures:					
Current:					
General government administration	2,149,863	-	-	2,149,863	2,298,565
Judicial administration	775,832	-	-	775,832	740,539
Public safety	7,098,194	-	-	7,098,194	6,335,703
Public works	3,623,734	-	-	3,623,734	3,784,264
Health and welfare	6,853,367	-	-	6,853,367	5,635,289
Education	1,397	56,486,898	-	56,488,295	49,005,872
Parks, recreation and cultural	1,464,245	-	1,259,318	2,723,563	2,516,905
Community development	1,433,656	-	-	1,433,656	966,793
Capital projects	10,071,351	17,554,990	-	27,626,341	15,381,919
Debt service: (Note 6)					
Principal retirement	293,434	4,590,334	-	4,883,768	4,823,767
Interest and fiscal charges	1,155,206	2,396,078	-	3,551,284	2,966,376
Debt issuance costs	10,583	11,776	-	22,359	314,903
Total Expenditures	34,930,862	81,040,076	1,259,318	117,230,256	94,770,895
Other Uses:					
Operating transfers out to:					
Proprietary Fund types	227,680	-	-	227,680	134,857
Component units	21,648,933	-	-	21,648,933	19,383,919
Within Component Unit Fund types	-	-	3,216	3,216	12,223
Total Uses of Financial Resources	56,807,475	81,040,076	1,262,534	139,110,085	114,301,894
Net Increase (Decrease) in Fund Balances	(2,459,926)	(836,979)	12,636	(3,284,269)	15,109,907
FUND BALANCE AT JULY 1	34,998,258	6,761,306	14,709	41,774,273	26,650,222
FUND BALANCE AT JUNE 30	\$ 32,538,332	\$ 5,924,327	\$ 27,345	\$ 38,490,004	\$ 41,760,129

COUNTY OF BEDFORD

EXHIBIT 3

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (CASH BASIS)
GENERAL FUND AND DISCRETELY PRESENTED COMPONENT UNITS
Year Ended June 30, 2000**

	Primary Government			Component Units					
	General Fund			School Board - Special Revenue Funds			Public Library - General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
SOURCES OF FINANCIAL RESOURCES									
Revenues:									
General property taxes (Note 12)	\$ 32,980,479	\$ 32,860,432	\$ (120,047)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes	6,683,080	5,779,363	(903,717)	-	-	-	-	-	-
Permits, privilege fees and regulatory licenses	486,550	541,745	55,195	-	-	-	-	-	-
Fines and forfeitures	83,144	98,030	14,886	-	-	-	-	-	-
Revenue from use of money and property	844,500	2,139,367	1,294,867	44,484	74,577	30,093	5,000	9,640	4,640
Charges for services	283,475	401,613	118,138	2,007,155	2,012,414	5,259	17,500	32,756	15,256
Other	141,454	90,014	(51,440)	212,920	234,327	21,407	13,000	18,904	5,904
Recovered costs	783,386	298,987	(484,399)	4,433,771	3,988,484	(445,287)	-	-	-
Intergovernmental	9,246,460	11,749,085	2,502,625	34,488,135	33,092,243	(1,395,892)	1,258,300	1,240,207	(18,093)
Total Revenues	51,532,528	53,958,636	2,426,108	41,186,465	39,402,045	(1,784,420)	1,293,800	1,301,507	7,707
Other Sources:									
Operating transfers in from:									
Primary government:									
Governmental Fund types	-	-	-	22,121,791	21,520,280	(601,511)	-	-	-
Proprietary Fund types	1,470,000	1,470,000	-	-	-	-	-	-	-
Within Component Unit Fund types	-	-	-	-	-	-	-	3,216	3,216
Total Sources of Financial Resources	53,002,528	55,428,636	2,426,108	63,308,256	60,922,325	(2,385,931)	1,293,800	1,304,723	10,923
USES OF FINANCIAL RESOURCES									
Expenditures:									
Current:									
General government administration	2,363,016	2,145,028	217,988	-	-	-	-	-	-
Judicial administration	906,305	775,527	130,778	-	-	-	-	-	-
Public safety	7,325,147	7,025,984	299,163	-	-	-	-	-	-
Public works	3,813,606	3,689,914	123,692	-	-	-	-	-	-
Health and welfare	6,965,006	6,771,424	193,582	-	-	-	-	-	-
Education	1,500	1,397	103	57,118,830	54,488,531	2,630,299	-	-	-
Parks, recreation and cultural	1,512,607	1,500,429	12,178	-	-	-	1,293,800	1,334,547	(40,747)
Community development	1,671,027	1,371,529	299,498	-	-	-	-	-	-
Capital projects	28,989,835	11,509,185	17,480,650	-	-	-	-	-	-
Debt service:									
Principal retirement	293,434	293,434	-	4,590,614	4,590,334	280	-	-	-
Interest and fiscal charges	1,201,172	1,155,206	45,966	2,405,662	2,396,253	9,409	-	-	-
Debt issuance costs	10,392	10,392	-	-	-	-	-	-	-
Total Expenditures	55,053,047	36,249,449	18,803,598	64,115,106	61,475,118	2,639,988	1,293,800	1,334,547	(40,747)
Other Uses:									
Operating transfers out to:									
Primary government:									
Proprietary Fund types	227,680	227,680	-	-	-	-	-	-	-
Component units	22,218,625	21,613,647	604,978	-	-	-	-	-	-
Total Uses of Financial Resources	77,499,352	58,090,776	19,408,576	64,115,106	61,475,118	2,639,988	1,293,800	1,334,547	(40,747)
Net Increase (Decrease) in Fund Balances	(24,496,824)	(2,662,140)	21,834,684	(806,850)	(552,793)	254,057	-	(29,824)	(29,824)
FUND BALANCE AT JULY 1	40,377,336	40,377,336	-	2,098,038	2,098,038	-	122,097	122,097	-
FUND BALANCE AT JUNE 30	\$ 15,880,512	\$ 37,715,196	\$ 21,834,684	\$ 1,291,188	\$ 1,545,245	\$ 254,057	\$ 122,097	\$ 92,273	\$ (29,824)

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COUNTY OF BEDFORD

EXHIBIT 4

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES AND DISCRETELY
PRESENTED COMPONENT UNIT
Year Ended June 30, 2000**

	Primary Government	Component Unit	Totals (Memorandum Only)	
	Proprietary Fund Types	Industrial Development	Reporting Entity	
	Enterprise	Authority	2000	1999
OPERATING REVENUES				
Charges for services	\$ 4,086,568	\$ -	\$ 4,086,568	\$ 3,688,204
Proceeds from sale of land	-	135,000	135,000	349,535
Other	16,179	14,546	30,725	27,750
Total Operating Revenues	4,102,747	149,546	4,252,293	4,065,489
OPERATING EXPENSES				
Personal services	1,347,498	15,961	1,363,459	1,188,835
Employee benefits	344,582	-	344,582	350,489
Purchased services	358,403	11,779	370,182	373,769
Continuous charges	279,825	-	279,825	252,487
Supplies and materials	339,659	4,209	343,868	303,826
Equipment, property and improvements	20,131	10,683	30,814	22,860
Cost of land sold	-	121,484	121,484	573,318
Environmental study costs	-	28,401	28,401	18,700
Landfill closure/post-closure care	326,279	-	326,279	858,669
Depreciation	429,369	-	429,369	446,195
Total Operating Expenses	3,445,746	192,517	3,638,263	4,389,148
Operating Income (Loss)	657,001	(42,971)	614,030	(323,659)
NONOPERATING INCOME (EXPENSE)				
Interest income	219,800	18,151	237,951	168,563
Interest expense	(29,748)	-	(29,748)	(12,722)
Net Nonoperating Income	190,052	18,151	208,203	155,841
Net Income (Loss) before Operating Transfers	847,053	(24,820)	822,233	(167,818)
OPERATING TRANSFERS				
In from primary government	-	43,367	43,367	-
In from Governmental Fund types	227,680	-	227,680	134,857
Out to Governmental Fund types	(170,000)	-	(170,000)	(1,388,234)
Net Income (Loss) before Extraordinary Item	904,733	18,547	923,280	(1,421,195)
EXTRAORDINARY ITEM (Note 18)	394,762	-	394,762	-
Net Income (Loss)	1,299,495	18,547	1,318,042	(1,421,195)
RETAINED EARNINGS AT JULY 1	2,070,132	1,674,231	3,744,363	5,165,558
RETAINED EARNINGS AT JUNE 30	\$ 3,369,627	\$ 1,692,778	\$ 5,062,405	\$ 3,744,363

COUNTY OF BEDFORD

EXHIBIT 5

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND DISCRETELY
PRESENTED COMPONENT UNIT
Year Ended June 30, 2000**

	Primary Government Proprietary Fund Types Enterprise	Component Unit Industrial Development Authority	Totals (Memo Only) Reporting Entity
OPERATING ACTIVITIES			
Operating income (loss)	\$ 657,001	\$ (42,971)	\$ 614,030
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	429,369	-	429,369
Landfill closure/post-closure care	326,279	-	326,279
Change in current assets and liabilities			
(Increase) decrease in:			
Receivables	(85,426)	(33,208)	(118,634)
Due from other funds	(9,091)	-	(9,091)
Prepaid items	(14)	-	(14)
Land and buildings held for resale and lease	-	32,945	32,945
(Decrease) increase in:			
Accounts payable and accrued liabilities	16,589	(7,219)	9,370
Due to other funds	115,199	-	115,199
Assets held in agency capacity	2,078	-	2,078
Net cash provided by (used in) operating activities	<u>1,451,984</u>	<u>(50,453)</u>	<u>1,401,531</u>
NONCAPITAL FINANCING ACTIVITIES			
Operating transfers:			
In from primary government:			
Governmental fund types	227,680	43,367	271,047
Out to primary government:			
Governmental fund types	<u>(1,470,000)</u>	<u>-</u>	<u>(1,470,000)</u>
Net cash provided by (used in) noncapital financing activities	<u>(1,242,320)</u>	<u>43,367</u>	<u>(1,198,953)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(243,516)	-	(243,516)
Principal paid on debt	(83,491)	-	(83,491)
Interest paid on debt	<u>(29,749)</u>	<u>-</u>	<u>(29,749)</u>
Net cash used in capital and related financing activities	<u>(356,756)</u>	<u>-</u>	<u>(356,756)</u>
INVESTING ACTIVITIES			
Interest received on deposits	<u>219,800</u>	<u>18,151</u>	<u>237,951</u>
Net cash provided by investing activities	<u>219,800</u>	<u>18,151</u>	<u>237,951</u>
Net increase in cash and cash equivalents	<u>72,708</u>	<u>11,065</u>	<u>83,773</u>
CASH AND CASH EQUIVALENTS			
Beginning at July 1	<u>4,034,290</u>	<u>345,901</u>	<u>4,380,191</u>
Ending at June 30	<u><u>\$ 4,106,998</u></u>	<u><u>\$ 356,966</u></u>	<u><u>\$ 4,463,964</u></u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital assets financed through capital leases	\$ <u>120,098</u>	\$ <u>-</u>	\$ <u>120,098</u>
Capital assets acquired through capital contributions	\$ <u>37,292</u>	\$ <u>-</u>	\$ <u>37,292</u>
Forgiveness of debt	\$ <u>394,762</u>	\$ <u>-</u>	\$ <u>394,762</u>

The Notes to Financial Statements are
an integral part of this statement.

COUNTY OF BEDFORD

NOTES TO FINANCIAL STATEMENTS June 30, 2000

Note 1. Summary of Significant Accounting Policies

A. The Financial Reporting Entity

The County of Bedford (the "County") is a political sub-division of the Commonwealth of Virginia operating under the Board of Supervisors - Administrator form of government. The Board of Supervisors consists of a chairman and six other board members.

The County provides a full range of municipal services including law enforcement and fire, sanitation, health and social services, public improvements, planning and zoning, general administrative services and education. Education is provided through the County's school system which is administered by the Bedford County School Board.

The criteria for including organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County

Based on the aforementioned criteria, the County has the following component units.

Discretely Presented Component Units:

Bedford County School Board

The Bedford County School Board (the "School Board") is a legally separate organization whose governing board is fiscally dependent on the County. The Board is comprised of eight members; seven representing the County and one representing the City of Bedford (the "City"). The County members are elected to a four year term; the City representative is appointed by the Bedford City Council.

Bedford Public Library System

The Bedford Public Library System (the "Library") is an independent regional library system created by an agreement between the County and the City. The Library is governed by a board consisting of six members appointed equally by the County and City. The County provides a major portion of the Library's annual revenue.

Bedford County Industrial Development Authority

The Bedford County Industrial Development Authority (the "IDA") was created as a governmental subdivision of the Commonwealth of Virginia by ordinance of the Board of Supervisors of the County. The IDA is governed by seven directors appointed by the Board of Supervisors and the County is financially accountable for the IDA. It is authorized to acquire, own, lease, and dispose of properties to the extent that such activities may promote industry and develop trade by encouraging enterprises to locate and remain in Virginia.

COUNTY OF BEDFORD
NOTES TO FINANCIAL STATEMENTS
June 30, 2000

Note 1. Summary of Significant Accounting Policies (Continued)

A. The Financial Reporting Entity (Continued)

Discretely Presented Component Units: (Continued)

Complete financial statements of the individual component units can be obtained directly from their administrative offices at the following addresses:

Bedford County School Board
P.O. Box 748
Bedford, Virginia 24523

Bedford County Industrial Development Authority
122 East Main St., Suite 206
Bedford, Virginia 24523

Bedford Public Library System
321 North Bridge St.
Bedford, Virginia 24523

Related Organizations:

The following related organizations are excluded from the accompanying financial statements:

The Bedford County Public Service Authority

The Bedford County Public Service Authority, (the "PSA"), was chartered in 1970 under the Water and Sewer Authorities Act of 1950 of the Commonwealth of Virginia. The PSA serves water and sewer needs of the Smith Mountain Lake, Forest and Boonesboro areas of the County. The PSA operates on a Board-Administrator form of government. The Board consists of a Chairman and six other Board members.

Jointly Governed Organizations:

Central Virginia Community Services Board

The County, in conjunction with the Counties of Amherst, Appomattox, and Campbell and the Cities of Bedford and Lynchburg participates in the Central Virginia Community Services Board ("CVCSB"), which is composed of two members from each of the participating localities. The County appropriated \$75,901 for an operating contribution to the CVCSB for 2000.

Blue Ridge Regional Jail Authority

The County, in conjunction with the Counties of Halifax and Campbell, and the Cities of Lynchburg and Bedford participates in the Blue Ridge Regional Jail Authority (the "Authority"). Each member jurisdiction pays a per diem charge for each day that one of its prisoners is at any regional jail facility. In accordance with the service agreement, the Authority has divided the per diem charge into an operating component and a debt service component. The per diem charge is based upon an assumed number of prisoner days, and is subject to adjustment at the end of each fiscal year.

COUNTY OF BEDFORD
NOTES TO FINANCIAL STATEMENTS
June 30, 2000

Note 1. Summary of Significant Accounting Policies (Continued)

A. The Financial Reporting Entity (Continued)

Joint Ventures:

Central Virginia Radio Communication Board

The County participates in an intergovernmental agreement with the Counties of Amherst and the Cities of Bedford and Lynchburg for the operation of a regional radio communication system. The Central Virginia Radio Communication Board is responsible for overseeing the management, operation, and administration of the System. The project is financed by lease revenue bonds of the Industrial Development Authorities of Amherst County and the City of Bedford (in the amount of \$9,931,000 with interest of 5.72%) and the leasing of the project to the participating jurisdictions. Each participating jurisdiction maintains a leasehold interest in the project and shares costs of operation and maintenance equal to the jurisdiction's payment percentage as defined in the agreement. The County's participating interest is 38.2%. Future minimum lease payments in the amount of \$3,315,925 are included in the General Long-Term Debt Account Group. An asset in the amount of \$3,793,641 is also shown in the General Fixed Assets Account Group.

Joint Industrial Development Authority

The County, in conjunction with the City of Bedford, created a Joint Industrial Development Authority, which is composed of a seven member board of directors appointed by the participating localities. The City will contribute a percentage of enterprise fund revenues to the Authority each year to fund expenses. The City appropriated \$10,904 for an operating contribution to the Joint Industrial Development Authority for the year ended June 30, 2000. The City and County have agreed to share equally any additional amounts necessary to cover the Authority costs. Complete financial statements of the Joint Industrial Development Authority can be obtained from the Director of Finance and Administration, Bedford City, Virginia.

B. Financial Statement Presentation

The accounts are organized on the basis of fund classifications and account groups, each of which is considered to be a separate accounting entity. Each fund is a separate set of self-balancing accounts that consist of assets, liabilities, fund equity, revenues, and expenditures or expenses. Account groups are used to establish accounting control over certain assets and liabilities that are not recorded in funds. The various funds and account groups are presented in the financial statements as follows:

COUNTY OF BEDFORD
NOTES TO FINANCIAL STATEMENTS
June 30, 2000

Note 1. Summary of Significant Accounting Policies (Continued)

B. Financial Statement Presentation (Continued)

- 1) **Governmental Fund Types** account for the expendable financial resources, other than those accounted for in Proprietary and Fiduciary Fund Types. The Governmental Fund Type measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination. The individual governmental type funds are:
 - **General Fund** accounts for all revenues and expenditures applicable to the general operations of the County and the component unit – Library, which are not accounted for in other funds.
 - **Special Revenue Funds** account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds consist of the School Operating, School Nutrition, and School Textbooks Funds of the discretely presented component unit – School Board, and the special revenue fund of the discretely presented component unit – Library.
 - **Capital Projects Fund** accounts for financial resources to be used for the acquisition or construction of major School Board capital facilities.
- 2) **Proprietary Fund Types** account for activities similar to those found in the private sector. The measurement focus is upon determination of financial position, net income or loss, and cash flows. The Proprietary Fund Type consists of the Enterprise Fund.
 - **Enterprise Funds** account for the financing of services to the general public where all or most of the operating expenses involved are intended to be recovered in the form of user charges or where management has decided that periodic determination of revenues earned, expenses incurred, and net income or loss is appropriate for management control, accountability or other purposes. The Enterprise Funds consist of the Nursing Home Fund, Landfill Fund, and Industrial Development Authority.
- 3) **Fiduciary Fund Types** account for assets held by the County as an agent for individuals, private organizations, other governments, and other funds. They consist of Agency Funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency Funds consist of Special Welfare, Road Escrow, Land Disturbing Bond, and Matt Brown Memorial D.A.R.E. Fund.
- 4) **Account Groups** account for general obligation long-term debt and general fixed assets. Long-term debt and fixed assets related to Proprietary Funds are accounted for in those funds.

COUNTY OF BEDFORD

NOTES TO FINANCIAL STATEMENTS June 30, 2000

Note 1. Summary of Significant Accounting Policies (Continued)

B. Financial Statement Presentation (Continued)

- 5) **Combined Financial Statements** - These statements are referred to as General Purpose Financial Statements and provide a summary overview of the financial position of all fund types and account groups, and of the operating results of all funds. All funds and account groups of a specific fund classification are combined and presented as one in the financial statements.
- 6) **Total Columns on Combined Statements** are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in aggregation of this data.
- 7) **Comparative Data** Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the County's financial position and operations. However, comparative data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

C. Basis of Accounting

Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*, and by the Financial Accounting Standards Board (when applicable). As permitted in Section P80 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the County has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.

Governmental Funds and Fiduciary Funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Accordingly, property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year end are reflected as deferred revenues. Sales and utility taxes, which are collected by the State or utility companies and subsequently remitted to the County, are recognized as revenues and receivables when measurable and available.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. Investment earnings are recorded as earned.

COUNTY OF BEDFORD
NOTES TO FINANCIAL STATEMENTS
June 30, 2000

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting (Continued)

Governmental Funds and Fiduciary Funds (Continued)

Expenditures, other than interest on general long-term debt, are recorded when the related fund liability is incurred. Interest on long-term debt is recognized when due.

Proprietary Funds utilize the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred.

D. Budgets and Budgetary Accounting

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

- 1) Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. This budget includes proposed expenditures and the means of financing them for the General Fund and Component Unit - School Board. The Library Board legally adopts a budget for the Component Unit - Public Library. This budget is not legally adopted by the County.
- 2) Public hearings are conducted to obtain citizen comments.
- 3) Prior to June 30, the budgets are legally enacted through passage of an Appropriations Ordinance. The Board of Supervisors may, from time to time, amend the budget providing for additional expenditures and the means for financing them. The Board approved additional appropriations of \$2,185,572 during the fiscal year ended June 30 primarily for capital improvements.
- 4) The Appropriations Ordinance places legal restrictions on expenditures at the department level. The appropriation for each department can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within departments or functions; and, the School Board is authorized to transfer budgeted amounts within the school system's categories.
- 5) Formal budgetary integration is employed as a management control device during the year for the General Fund and Component Unit - School Board.
- 6) All budgets are adopted on a cash basis.
- 7) Appropriations lapse on June 30 for all County units, except for capital projects.
- 8) All budget data presented are revised as of June 30.

COUNTY OF BEDFORD

NOTES TO FINANCIAL STATEMENTS
June 30, 2000

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgets and Budgetary Accounting (Continued)

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Cash Basis) General Fund and Discretely Presented Component Units (Exhibit 3) is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are as follows:

- 1) Revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP basis).
- 2) Expenditures are recorded when paid in cash (budgetary basis) as opposed to when the fund liability is incurred (GAAP basis).

The following is a reconciliation of the results of operations for the year on the budgetary basis to the GAAP basis:

	Primary Government <u>General Fund</u>	<u>Component Units</u>	
		Library <u>General Fund</u>	School Board Special Revenue <u>Funds</u>
Net decrease in Fund Balance (budgetary basis)	\$ (2,662,140)	\$ (29,824)	\$ (552,793)
Adjustments:			
Tax and other accruals, grant Deferrals, and transfers	(1,116,373)	(46,188)	2,095,597
Accounts payable and other Accruals	<u>1,318,587</u>	<u>76,012</u>	<u>(1,998,192)</u>
Net decrease in Fund Balance (GAAP basis)	<u>\$ (2,459,926)</u>	<u>\$ -</u>	<u>\$ (455,388)</u>

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary integration in the General Fund and Component Unit - School Board. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

F. Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents are defined as short-term highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased.

COUNTY OF BEDFORD
NOTES TO FINANCIAL STATEMENTS
June 30, 2000

Note 1. Summary of Significant Accounting Policies (Continued)

G. Collections

The Library has a collection of books, periodicals, videotapes, computer software and other media for public use. The cost or donated value of these items is not capitalized.

H. Receivables and Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is calculated using historical collection data and specific account analysis. The allowance at June 30 is composed of the following:

<u>General Fund:</u>		<u>Enterprise Fund:</u>	
Real estate taxes	\$ 590,813	Nursing Home	\$ 1,388
Personal property taxes	<u>1,004,756</u>		
	<u>\$ 1,595,569</u>		

The Nursing Home grants credit without collateral to its residents, most of whom are insured, under third-party payer agreements. The mix of receivables from residents and third-party payers at June 30 is Medicaid 95% and private pay 5%.

I. Inventories

Inventories are recorded at cost (determined on a first-in, first-out basis) except for commodities received from the Federal Government, which are valued at market. The cost is recorded as an expenditure at the time of consumption. Inventories are offset by fund balance reserves, which indicate they do not constitute available expendable resources.

J. Fixed Assets

Fixed assets purchased or constructed are stated at historical cost. Where cost could not be determined, estimated historical cost was used. Donated property is recorded at the market value prevailing at the date of donation. Depreciation for Proprietary Fund fixed assets has been provided over the following estimated useful lives under the straight-line method:

Buildings	15 - 20 years
Equipment	3 - 10 years

No depreciation is provided on general fixed assets. Interest is not capitalized. Also, infrastructure assets have not been valued and are not reflected in these financial statements.

COUNTY OF BEDFORD
NOTES TO FINANCIAL STATEMENTS
June 30, 2000

Note 1. Summary of Significant Accounting Policies (Continued)

K. Deferred Revenues

General Fund deferred revenue consists primarily of property taxes not collected within 60 days of year end, property taxes collected that are not yet due, and funds received or accrued but not expended for their restricted purpose.

L. Employee Leave Liability

The County, the School Board and the Public Library have policies which allow for the accumulation and vesting of limited amounts of vacation and sick leave until termination or retirement. The entire portion of employee leave liability attributable to governmental fund types is recorded in the General Long-term Debt Account Group. Employee leave liabilities attributable to proprietary fund types are recorded in the respective fund.

M. Estimates

Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues, expenditures, and expenses. Actual results could differ from those estimates.

N. Pass Through Financing Leases and Installment Sales

The principal activities of the IDA represent pass through leases or installment sales. These agreements provide for periodic payments in amounts which are equal to the principal and interest payments due to project bond holders. The IDA has assigned all rights to such payments to the trustees, agents or the holders of the bonds, and the lessees or purchasers have assumed responsibility for all operating costs such as utilities, repairs and property taxes. In such cases, the IDA neither receives nor disburses funds. Although title to these properties may rest with the IDA, bargain purchase options or other provisions eliminate any equity interest that would otherwise be retained in the lease transactions. Deeds of trust secure outstanding bond obligations and title will pass to the lessee or purchaser at such time as the bonds are fully paid. Although the IDA provides a conduit to execute such transactions, it does not retain either the benefits of asset ownership or the liability for bond liquidation. Accordingly, the IDA does not recognize associated assets, liabilities, rental income or interest expense in its financial statements.

O. Revenue Recognition - Nursing Home

Charges for services are reported at the estimated net realizable amounts from residents and third-party payers for service rendered.

COUNTY OF BEDFORD
NOTES TO FINANCIAL STATEMENTS
June 30, 2000

Note 1. Summary of Significant Accounting Policies (Continued)

O. Revenue Recognition - Nursing Home (Continued)

The County's Nursing Home is qualified as a provider under the Medicaid program. Reimbursements for routine care to program patients are received monthly from the Virginia Medical Assistance Program and are calculated on a prospective per diem basis. Cost settlement reports are filed annually, at which time the prospective reimbursement rates are adjusted. The cost settlement results from the pro rata apportionment of allowable patient care costs to total program patient costs.

Patient service revenue is recorded at the Nursing Home's established rates on a per diem basis for both private pay and Medicaid patients. For patients eligible for Medicaid, a contractual adjustment is made to arrive at net patient service revenue. Amounts receivable or payable under the Medicaid program are subject to audit and retroactive adjustment by the intermediary. Provisions for estimated third party rate settlements from Medicaid are provided in the period the related services are rendered. Differences between the amounts accrued and subsequent settlements are reported in operations in the year of settlement.

P. Reclassification

The June 30, 1999 comparative data columns have been reclassified, where appropriate, to be comparable to the June 30, 2000 financial statements.

Note 2. Deposits and Investments

Deposits

At year end, the carrying value of the County's deposits with banks and savings institutions was \$2,125,612 and the bank balance was \$4,959,822. All of the bank balance was covered by federal depository insurance. However, \$122,521 was not marked as public funds and therefore not covered under the Virginia Security for Public Deposits Act, Section 2.1-359 et. seq. of the Code of Virginia.

Investments

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP) and the State Non-Arbitrage Program (SNAP). Pursuant to Sec. 2.1-234.7 Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regulatory scheduled monthly meetings and the fair value of the position in the LGIP is the same as the value of the pool shares, i.e. the LGIP maintains a stable net asset value of \$1 per share. The investment policy specifies that no investment may have a maturity greater than one year from the date of purchase.

COUNTY OF BEDFORD

NOTES TO FINANCIAL STATEMENTS
June 30, 2000

Note 2. Deposits and Investments (Continued)

Investments (Continued)

Investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the County or its safekeeping agent in the County's name. Category 2 includes uninsured or unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name.

All investment activity during the year was with LGIP, SNAP, and SunTrust Bank and is not subject to categorization.

	<u>Reported Amount</u>
LGIP	
Primary Government	\$ 28,684,884
Component Unit:	
School Board	908,385
IDA	300,795
Mutual Funds	
SNAP	
Primary Government	12,100,919
Component Unit:	
School Board	6,074,758
SunTrust Bank	
Primary Government	338,548
Deposits	
Primary Government	1,068,453
Component Units:	
School Board	881,600
Library	119,488
IDA	56,071
Cash on Hand	
Primary Government	2,300
Component Units:	
Library	130
IDA	100
Total deposits and investments	<u><u>\$ 50,536,431</u></u>

COUNTY OF BEDFORD
NOTES TO FINANCIAL STATEMENTS
June 30, 2000

Note 2. Deposits and Investments (Continued)

Investments (Continued)

Restricted cash and cash equivalents consist primarily of bond proceeds legally restricted for capital projects and funds held for others in an agency capacity.

The investment in SNAP is deemed involuntary under standards issued by the Government Accounting Standards Board ("GASB").

Note 3. Interfund Obligations

A summary of interfund receivables and payables is as follows:

	<u>Receivables</u>	<u>Payables</u>
Primary Government:		
General Fund	\$ 115,199	\$ 175,487
Nursing Home	-	115,199
Landfill Fund	175,487	-
	<u>\$ 290,686</u>	<u>\$ 290,686</u>

A summary of due from/to balances between the County and its component units is as follows:

	<u>Receivables</u>	<u>Payables</u>
Primary Government:		
General Fund	\$ 81,213	\$ 4,271,212
Component Units:		
School Board	4,271,212	-
Public Library	-	81,213
	<u>\$ 4,352,425</u>	<u>\$ 4,352,425</u>

COUNTY OF BEDFORD

NOTES TO FINANCIAL STATEMENTS
June 30, 2000

Note 4. Due From/To Other Governmental Units

A summary of amounts due from other governmental units is as follows:

	Primary Government	Component Unit - School Board
Bedford County Public Service Authority	\$ 451,159	\$ -
City of Bedford:		
Consumer Utility Tax	5,858	-
Shared Services	-	14,505
Commonwealth of Virginia:		
Personal Property Tax Relief Act	102,807	-
Local Sales Tax	346,484	980,991
Mobile Home Titling Tax	102,212	-
Recordation Taxes	81,715	-
Rolling Stock	160,097	-
Public Assistance/Welfare Administration	74,323	-
Other	50,429	167,137
Federal Government:		
Public Assistance/Welfare Administration	160,341	-
COPS Grant	20,397	-
Internet Crimes Grant	31,830	-
Other grants	-	375,274
School Lunch Program	-	68,146
	<u>\$ 1,587,652</u>	<u>\$ 1,606,053</u>

Due from the PSA consists of unsecured operating advances made by the County with no stated maturity date or interest rate, as follows:

June 30, 1988	\$ 406,389
June 30, 1989	44,770
	<u>\$ 451,159</u>

The County advanced an additional \$71,818 to the PSA in prior years. These advances have no stated maturity date or interest rate. The collectibility of these advances appears doubtful and therefore, they are not considered receivables for purposes of the County's financial report.

A summary of amounts due to other governmental units is as follows:

	Primary Government	Component Unit – Public Library
City of Bedford:		
Revenue Sharing	\$ 55,114	\$ -
Shared Services	56,094	41,815
	<u>\$ 111,208</u>	<u>\$ 41,815</u>

COUNTY OF BEDFORD
NOTES TO FINANCIAL STATEMENTS
June 30, 2000

Note 5. Fixed Assets

The following is a summary of the components of and changes in fixed assets:

	Balance July 1	Transfers and Additions	Transfers and Retirements	Balance June 30
Primary Government				
<u>General Fixed Assets:</u>				
Land, buildings and improvements	\$ 12,901,772	\$ 6,215,483	\$ -	\$ 19,117,255
Machinery and equipment	4,469,440	2,019,081	1,337,707	5,150,814
Construction in progress	5,062,634	6,878,555	4,682,899	7,258,290
	<u>\$ 22,433,846</u>	<u>\$ 15,113,119</u>	<u>\$ 6,020,606</u>	<u>\$ 31,526,359</u>
<u>Proprietary Fund Types:</u>				
<u>Nursing Home:</u>				
Buildings and improvements	\$ 1,439,857	\$ 7,131	\$ -	\$ 1,446,988
Other general equipment	244,529	20,009	-	264,538
	<u>1,684,386</u>	<u>27,140</u>	<u>-</u>	<u>1,711,526</u>
Accumulated depreciation	740,668	57,752	-	798,420
	<u>943,718</u>	<u>(30,612)</u>	<u>-</u>	<u>913,106</u>
Construction in progress	2,058	9,215	-	11,273
	<u>\$ 945,776</u>	<u>\$ (21,397)</u>	<u>\$ -</u>	<u>\$ 924,379</u>
<u>Landfill:</u>				
Land, buildings and improvements	\$ 703,979	\$ 140,599	\$ -	\$ 844,578
Cell	2,541,254	-	-	2,541,254
Equipment	1,491,414	150,923	200	1,642,137
	<u>4,736,647</u>	<u>291,522</u>	<u>200</u>	<u>5,027,969</u>
Accumulated depreciation	1,205,311	371,617	200	1,576,728
	<u>3,531,336</u>	<u>(80,095)</u>	<u>-</u>	<u>3,451,241</u>
Construction in progress	-	73,029	-	73,029
	<u>\$ 3,531,336</u>	<u>\$ (7,066)</u>	<u>\$ -</u>	<u>\$ 3,524,270</u>
Component Units				
<u>School Board:</u>				
Land, buildings and improvements	\$ 98,313,776	\$ 1,389,098	\$ -	\$ 99,702,874
Equipment	4,605,636	1,178,608	-	5,784,244
Transportation equipment	6,759,537	861,117	-	7,620,654
Construction in progress	4,067,597	16,502,620	-	20,570,217
	<u>\$ 113,746,546</u>	<u>\$ 19,931,443</u>	<u>\$ -</u>	<u>\$ 133,677,989</u>
<u>Library:</u>				
Vehicles	\$ 92,585	\$ -	\$ -	\$ 92,585
Computer equipment	471,937	42,298	-	514,235
Furniture and fixtures	376,020	149,678	-	525,698
Construction in progress	3,444	-	3,444	-
	<u>\$ 943,986</u>	<u>\$ 191,976</u>	<u>\$ 3,444</u>	<u>\$ 1,132,518</u>

COUNTY OF BEDFORD

NOTES TO FINANCIAL STATEMENTS June 30, 2000

Note 5. Fixed Assets (Continued)

The following is a schedule of changes in general fixed assets by function and activity:

Function and Activity:	Balance July 1	Transfers and Additions	Transfers and Retirements	Balance June 30
General Government				
General and Financial Administration	\$ 3,351,255	\$ 59,411	\$ 49,533	\$ 3,361,133
Board of Elections	122,500	-	-	122,500
Judicial Administration				
Courts	1,379,108	8,166,309	2,118,819	7,426,598
Commonwealth Attorney	30,576	3,044	-	33,620
Public Safety				
Law Enforcement and Traffic Control	3,090,131	526,036	775,937	2,840,231
Correction and Detention	21,340	-	-	21,340
Other Protection	368,869	316,554	30,574	654,849
E-911/GIS	2,887,115	185,995	-	3,073,110
Radio Communications	4,059,578	-	-	4,059,578
Public Works				
Sanitation and Waste Removal	278,311	1,868,831	12,944	2,134,198
Building and Grounds Maintenance	74,747	654,479	223,257	505,969
Health and Welfare				
Health	91,654	-	-	91,654
Social Services	397,251	339,617	94,777	642,091
Parks, Recreation, and Cultural				
Parks and Recreation	448,333	69,408	36,497	481,244
Cultural Enrichment	5,607,310	2,829,058	2,564,080	5,872,288
Community Development				
Planning and Community Development	225,768	94,377	114,188	205,957
	<u>\$ 22,433,846</u>	<u>\$ 15,113,119</u>	<u>\$ 6,020,606</u>	<u>\$ 31,526,359</u>

Fixed assets recorded under capital lease obligations are as follows:

General fixed assets	\$ 9,553,438
Proprietary fixed assets	<u>\$ 609,891</u>
School Board fixed assets	<u>\$ 4,820,219</u>

COUNTY OF BEDFORD
NOTES TO FINANCIAL STATEMENTS
June 30, 2000

Note 6. Long-term Liabilities

Primary Government

The following is a summary of changes in long-term liabilities for the year:

	Balance July 1	Increases	Decreases	Balance June 30
General Obligation Debt				
General Obligation Bonds	\$ 7,100,000	\$ -	\$ -	\$ 7,100,000
Capital lease obligations	19,909,665	-	293,434	19,616,231
	27,009,665	-	293,434	26,716,231
Employee leave liability	595,870	111,770	-	707,640
Landfill closure liability	2,745,770	-	487,539	2,258,231
	<u>\$ 30,351,305</u>	<u>\$ 111,770</u>	<u>\$ 780,973</u>	<u>\$ 29,682,102</u>
Enterprise Fund Debt				
Capital lease obligations	\$ 444,162	\$ 120,098	\$ 83,491	\$ 480,769
Employee leave liability	58,906	9,774	-	68,680
Landfill closure liability	1,621,397	326,279	-	1,947,676
	<u>\$ 2,124,465</u>	<u>\$ 456,151</u>	<u>\$ 83,491</u>	<u>\$ 2,497,125</u>

The annual requirements to amortize long-term debt and related interest are as follows:

Year Ended June 30	General Obligation Debt				Enterprise Fund Debt		Totals	
	General Obligation Bonds		Capital Lease Obligations		Capital Lease Obligations			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2001	\$ 395,000	\$ 333,931	\$ 1,065,022	\$ 917,724	\$ 90,249	\$ 25,299	\$ 1,550,271	\$ 1,276,955
2002	395,000	317,736	1,082,550	873,016	95,580	19,969	1,573,130	1,210,721
2003	395,000	301,146	1,101,070	825,428	101,225	14,323	1,597,296	1,140,898
2004	395,000	284,161	1,120,639	776,037	191,417	3,246	1,707,056	1,063,445
2005	395,000	266,781	1,079,412	725,160	2,298	11	1,476,710	991,952
2006	395,000	249,006	1,034,419	677,576	-	-	1,429,419	926,582
2007	395,000	230,935	1,050,630	629,749	-	-	1,445,630	860,684
2008	395,000	212,568	1,067,782	580,321	-	-	1,462,782	792,889
2009	395,000	193,806	1,085,929	529,332	-	-	1,480,929	723,138
2010	395,000	174,648	1,105,129	476,534	-	-	1,500,129	651,182
2011	395,000	155,095	1,125,443	421,868	-	-	1,520,443	576,963
2012	395,000	135,246	948,205	365,268	-	-	1,343,205	500,514
2013	395,000	115,200	750,000	324,000	-	-	1,145,000	439,200
2014	395,000	94,562	750,000	286,875	-	-	1,145,000	381,437
2015	395,000	73,429	750,000	248,625	-	-	1,145,000	322,054
2016	395,000	52,296	750,000	210,375	-	-	1,145,000	262,671
2017	390,000	31,298	750,000	172,125	-	-	1,140,000	203,423
2018	390,000	10,433	750,000	133,875	-	-	1,140,000	144,308
2019	-	-	750,000	95,625	-	-	750,000	95,625
2020	-	-	750,000	76,500	-	-	750,000	76,500
2021	-	-	750,000	-	-	-	750,000	-
	\$ 7,100,000	\$ 3,232,277	\$ 19,616,231	\$ 9,346,014	\$ 480,769	\$ 62,849	\$ 27,197,000	\$ 12,641,139

COUNTY OF BEDFORD

NOTES TO FINANCIAL STATEMENTS
June 30, 2000

Note 6. Long-term Liabilities (Continued)

Primary Government (Continued)

Details of long-term indebtedness:

	Issue Date	Maturity Date	Authorized and Issued	Interest		Amount Outstanding
				Rate	Dates	
General Obligation Bonds						
1997A Series	11-97	12-17	\$ 7,100,000	4.05-5.35%	06-15 & 12-15	\$ 7,100,000
Capital Lease Obligations						
Central Virginia Radio						
Communications Mobile Equipment	05-96	04-11	3,793,641	5.72	07-01 & 01-01	\$ 3,315,925
Bedford City IDA Radio						
Communications Mobile Equipment	05-96	04-04	717,000	4.00	07-01 & 01-01	490,306
Bedford County IDA						
Courthouse and Social Services Building	06-99	10-20	15,810,000	3.40-5.10	04-01 & 10-01	15,810,000
Catepillar Landfill Equipment	10-98	10-03	489,793	5.75	Monthly	380,186
Associates Landfill Equipment	08-99	08-04	120,098	5.76	Monthly	100,583
						<u>\$ 20,097,000</u>

Component Unit-School Board

	Balance July 1	Increases	Decreases	Balance June 30
General Obligation Debt				
General obligation bonds	\$ 36,730,000	\$ 16,230,340	\$ 2,480,000	\$ 50,480,340
Refunding bonds	1,010,000	-	1,010,000	-
State Literary Fund loans	2,753,989	-	372,340	2,381,649
Capital lease obligations: Equipment	2,762,726	743,953	727,994	2,778,685
	43,256,715	16,974,293	4,590,334	55,640,674
Employee leave liability	222,831	4,410	-	227,241
	<u>\$ 43,479,546</u>	<u>\$ 16,978,703</u>	<u>\$ 4,590,334</u>	<u>\$ 55,867,915</u>

COUNTY OF BEDFORD

NOTES TO FINANCIAL STATEMENTS June 30, 2000

Note 6. Long-term Liabilities (Continued)

Component Unit-School Board (Continued)

The annual requirements to amortize long-term debt and related interest are as follows:

Fiscal Year	General Obligation Bonds		State Literary Fund Loans		Capital Lease Obligations		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2001	\$ 2,985,410	\$ 2,803,728	\$ 293,940	\$ 94,111	\$ 724,432	\$ 160,888	\$ 4,003,782	\$ 3,058,727
2002	3,068,182	2,606,702	293,940	82,738	705,550	110,470	4,067,672	2,799,910
2003	3,132,736	2,433,033	293,940	71,366	706,496	73,575	4,133,172	2,577,974
2004	3,132,528	2,255,825	255,440	59,993	293,084	34,271	3,681,052	2,350,089
2005	3,107,570	2,078,307	255,440	49,776	232,086	18,745	3,595,096	2,146,827
2006	3,108,580	1,899,685	255,440	39,558	117,037	6,098	3,481,057	1,945,341
2007	3,099,904	1,720,938	255,440	29,340	-	-	3,355,344	1,750,279
2008	2,860,856	1,552,566	255,440	19,123	-	-	3,116,296	1,571,689
2009	2,884,310	1,388,458	222,629	8,905	-	-	3,106,939	1,397,365
2010	2,725,440	1,226,651	-	-	-	-	2,725,440	1,226,651
2011	2,575,720	1,077,647	-	-	-	-	2,575,720	1,077,647
2012	2,600,846	934,226	-	-	-	-	2,600,846	934,226
2013	2,567,708	790,168	-	-	-	-	2,567,708	790,168
2014	2,376,462	650,910	-	-	-	-	2,376,462	650,910
2015	2,106,854	524,107	-	-	-	-	2,106,854	524,107
2016	2,008,616	408,273	-	-	-	-	2,008,616	408,273
2017	1,856,848	299,228	-	-	-	-	1,856,848	299,228
2018	1,611,226	201,039	-	-	-	-	1,611,226	201,039
2019	1,276,824	118,635	-	-	-	-	1,276,824	118,635
2020	1,058,720	50,251	-	-	-	-	1,058,720	50,251
2021	335,000	9,380	-	-	-	-	335,000	9,380
	<u>\$ 50,480,340</u>	<u>\$ 25,029,760</u>	<u>\$ 2,381,649</u>	<u>\$ 454,910</u>	<u>\$ 2,778,685</u>	<u>\$ 404,047</u>	<u>\$ 55,640,674</u>	<u>\$ 25,888,716</u>

Details of long-term indebtedness:

	Issue Date	Maturity Date	Authorized and Issued	Interest		Amount Outstanding
				Rate	Dates	
<u>General Obligation Bonds</u>						
1980 Series	06-80	12-00	\$ 660,000	8.4%	12-15	\$ 35,000
1992 Series	12-92	12-12	8,000,000	5.10-5.85	06-15 & 12-15	4,950,000
1993 Series	12-93	12-11	8,700,000	6.76-7.86	06-15 & 12-15	5,045,000
1994 Series	05-94	07-13	6,000,000	6.10-6.30	01-15 & 07-15	4,290,000
1994 Series	11-94	07-14	3,000,000	6.10-6.60	01-15 & 07-15	2,250,000
1995 Series	12-95	07-15	4,000,000	5.10-6.10	01-15 & 07-15	3,200,000
1996 Series	05-96	07-16	6,000,000	4.60-6.10	01-15 & 07-15	5,100,000
1997 Series	11-97	07-17	4,700,000	4.35-5.35	01-15 & 07-15	4,440,000
1998 Series	11-98	07-18	5,200,000	3.60-5.10	01-15 & 07-15	4,940,000
1999 Series	11-99	01-20	12,030,340	5.10-6.10	01-15 & 07-15	12,030,340
2000 Series	05-00	07-20	4,200,000	6.35-5.60	01-15 & 07-15	4,200,000
						<u>\$ 50,480,340</u>

COUNTY OF BEDFORD

NOTES TO FINANCIAL STATEMENTS
June 30, 2000

Note 6. Long-term Liabilities (Continued)

Component Unit-School Board (Continued)

	Issue	Maturity	Authorized and	Interest		Amount
	Date	Date	Issued	Rate	Dates	Outstanding
Other Long-term Debt						
State literary loans	01-83	2003	\$ 550,000	3.00%	01-15	\$ 82,500
State literary loans	01-83	2003	220,803	3.00	01-15	33,000
State literary loans	10-87	2007	224,322	3.00	10-15	89,760
State literary loans	10-87	2007	224,322	3.00	10-15	89,760
State literary loans	10-88	10-08	1,498,311	4.00	10-01	673,311
State literary loans	10-88	10-08	1,580,415	4.00	10-01	711,415
State literary loans	10-88	10-08	1,570,903	4.00	10-01	701,903
						\$ 2,381,649
Capital Lease Obligations						
5 buses	06-95	08-01	\$ 214,118	5.43	08-01	\$ 66,312
9 buses	03-96	07-02	423,000	4.67	07-14	192,087
Computer equipment	10-96	07-02	1,900,000	5.35	07-10	1,011,010
Mobiles	08-96	07-01	269,616	3.22	10-21	53,922
10 buses	11-97	11-03	475,000	4.84	11-30	272,361
45 radios	09-98	09-04	23,394	5.67	09-10	16,659
15 buses	09-98	09-04	738,790	5.67	09-10	526,107
Mobile	09-98	08-03	32,348	13.48	Annually	19,409
15 buses	08-99	08-05	743,953	3.82	Annually	620,818
						\$ 2,778,685

Long-term debt obligations of the component unit – school board will be repaid by operating transfers in from the primary government.

Note 7. Contributed Capital

The following is a summary of contributed capital transactions:

	<u>Landfill</u>	<u>Nursing Home</u>	<u>Industrial Development Authority</u>
Balance, July 1	\$ 1,799,230	\$ 1,079,509	\$ 208,000
From the County of Bedford	<u>5,000</u>	<u>32,292</u>	<u>-</u>
Balance, June 30	<u>\$ 1,804,230</u>	<u>\$ 1,111,801</u>	<u>\$ 208,000</u>

COUNTY OF BEDFORD
NOTES TO FINANCIAL STATEMENTS
June 30, 2000

Note 8. Fund Balances/Retained Earnings

Fund Equity has been reserved and designated as follows:

Primary Government:

General Fund:

Reserved:

Forfeited asset sharing	\$ 48,157
Debt service	337,075
E-911	397,346
Library construction	750,436
Courthouse construction	3,409,712
PSA advances receivable	451,159
Encumbrances:	
Courthouse	7,140,090
E-911	40,715
Other	39,887
Prepaid items	31,835

\$ 12,646,412

Designated:

Capital outlay	\$ 6,116,137
Law library	9,487
Health insurance	584,875

\$ 6,710,499

Component Unit – School Board:

Reserved:

Inventories	\$ 107,802
Construction, renovation and maintenance	477,824
Encumbrances	
Construction	1,662,265
Textbook	207,700
Completion of school construction projects	2,751,721

\$ 5,207,312

Designated:

Operation of school cafeterias	\$ 706,691
Textbooks	10,324

\$ 717,015

Component Unit – Public Library:

Reserved:

Construction and maintenance	\$ 27,345
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The Nursing Home Fund had an accumulated deficit of \$19,891 at year end. It is anticipated that the deficit will be recovered through future user charges and operating transfers from the primary government.

COUNTY OF BEDFORD

NOTES TO FINANCIAL STATEMENTS June 30, 2000

Note 9. Defined Benefit Pension Plan

A. Plan Description

The County and the Library contribute to the Virginia Retirement System (VRS), an agent and cost sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (the "System"). In addition, professional and non-professional employees of the School Board are covered by the VRS. Professional employees participate in a VRS statewide teacher cost sharing pool, and non-professional employees participate as a separate group in the agent multiple-employer retirement system.

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after 5 years of service. Employees are eligible for an unreduced benefit at age 65 with 5 years of service (age 60 for participating law enforcement officers and firefighters) and at age 50 with 30 years of service for participating employees (age 50 with 25 years for participating law enforcement officers and firefighters), payable monthly, for life in an amount equal to 1.7 percent of their average final salary (AFS) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases beginning in their second year of retirement. AFS is defined as the highest consecutive 36 months of salary. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing the System at P.O. Box 2500, Richmond, Virginia 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution has been assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2000 was 7.02% of annual covered payroll. The Library's contribution rate for the fiscal year ended 2000 was 3.54% of annual covered payroll. The School Board's contribution rates for the fiscal year ended 2000 were 14.08% for professional employees and 11.38% for non-professional employees. The County, Library, and School Board's contribution rates include the employee's share of 5% paid by employer.

For the four years ended June 30, 2000, 1999, 1998, and 1997, total employer and employee contributions made to the VRS statewide teacher pool for professional employees by the County and the School Board were \$4,146,352, \$3,667,694, \$3,099,938, and \$2,915,163 and represented 14.08%, 13.49%, 12.33%, and 11.41% of annual covered payroll, respectively, and 100% of the required contributions for 2000, 1999, 1998, and 1997.

COUNTY OF BEDFORD

NOTES TO FINANCIAL STATEMENTS
June 30, 2000

Note 9. Defined Benefit Pension Plan (Continued)

C. Annual Pension Cost

For 2000, the County's, Library's, and the School Board's annual pension costs of \$1,103,250, \$13,680, and \$4,146,352, respectively, were equal to their required and actual contributions. The required contribution was determined as part of the June 30, 1996 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return, (b) projected salary increases of 4% per year, and (c) 3.1% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 4%. The actuarial value of the County and School Board assets is equal to the modified market value of assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and School Board's actuarial accrued liabilities are being amortized as a level percentage of payroll on an open basis within a period of 30 years or less.

Trend Information for the County of Bedford

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2000	\$ 1,103,250	100 %	\$ -
June 30, 1999	\$ 927,551	100 %	\$ -
June 30, 1998	\$ 981,914	100 %	\$ -

Trend Information for the Bedford Public Library System

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2000	\$ 13,680	100 %	\$ -
June 30, 1999	\$ 12,345	100 %	\$ -
June 30, 1998	\$ 12,426	100 %	\$ -

Trend Information for the County of Bedford School Board

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2000	\$ 4,146,352	100 %	\$ -
June 30, 1999	\$ 3,667,694	100 %	\$ -
June 30, 1998	\$ 3,099,938	100 %	\$ -

COUNTY OF BEDFORD

NOTES TO FINANCIAL STATEMENTS June 30, 2000

Note 10. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Transactions related to the plan for the fiscal year are as follows:

Balance, July 1, fair value	\$ 619,816
Employee contributions	147,778
Investment earnings, net of fees	94,362
Employee withdrawals	(21,914)
	<hr/>
Balance, June 30, fair value	<u>\$ 840,042</u>

Note 11. Shared Services

The County provides court house facilities, as well as the services of the Sheriff, Commonwealth Attorney and Clerk of the Circuit Court to the City of Bedford. The City reimburses the County for these services based on the total population of both localities as reported in the most recent census. For the current fiscal year, the City of Bedford's population was 11.74 percent of the total population. In addition, the County provides health and welfare services to the City through the Departments of Health and Social Services, respectively. The City reimburses the County for these services based on the actual caseload for each fiscal year. Pursuant to an agreement dated June 28, 1988, the County provides public school services and educational programs for the students of the City of Bedford. The City reimburses the County for its share of the net expenses based on its percentage of students as determined by the March 30 Average Daily Membership (ADM) of each fiscal year. The total cost of these services are presented in this report.

Note 12. Property Taxes

The two major sources of property taxes are described below:

Real Estate

The County levies real estate taxes on all real estate within its boundaries, except that exempted by statute. The real estate in the County is assessed each year as of January 1, on 100% of the estimated market value of the property. On January 1, the real estate taxes become an enforceable lien on the property. For real estate assessed on January 1, payment is due in two equal installments on June 5 and December 5 and is classified delinquent after the due date. The real estate taxes reported as revenue for the fiscal year are the second installment (December 5) of the levy on assessed value at January 1, 1999, and the first installment (June 5) of the levy on assessed value at January 1, 2000. The tax rate for calendar year 1999 and 2000 is \$.59 and \$.67 per \$100 of assessed value, respectively.

COUNTY OF BEDFORD
NOTES TO FINANCIAL STATEMENTS
June 30, 2000

Note 12. Property Taxes (Continued)

Personal Property

The County levies personal property taxes on motor vehicles, boats, aircraft and tangible business property. The personal property in the County is assessed each year as of January 1, with payment due the following December 5. On January 1, the personal property taxes become an enforceable lien on the property. Taxes are considered delinquent if not received by the due date. The tax rate for 2000 was \$8.50 per \$100 assessed value multiplied by 20% of the property's assessed value.

Note 13. Segment Information

Segment information for the County's two enterprise funds is as follows:

	<u>Nursing Home</u>	<u>Landfill</u>
Operating revenues	\$ 1,630,898	\$ 2,471,849
Operating expenses:		
Depreciation	57,752	371,617
Other	1,772,074	1,244,303
	<u>1,829,826</u>	<u>1,615,920</u>
Operating income (loss)	(198,928)	855,929
Nonoperating income	9,523	180,529
Operating transfers in (out), net	223,323	(165,643)
Extraordinary items	394,762	-
Net income	<u>\$ 428,680</u>	<u>\$ 870,815</u>
Capital contributions	<u>\$ 32,292</u>	<u>\$ 5,000</u>
Net working capital	<u>\$ 219,268</u>	<u>\$ 4,024,617</u>
Fixed Assets:		
Acquisitions	<u>\$ 36,355</u>	<u>\$ 364,551</u>
Total assets	<u>\$ 1,331,732</u>	<u>\$ 7,650,890</u>
Total liabilities	<u>\$ 239,822</u>	<u>\$ 2,457,142</u>
Retained earnings (deficit)	<u>\$ (19,891)</u>	<u>\$ 3,389,518</u>
Total equity	<u>\$ 1,091,910</u>	<u>\$ 5,193,748</u>

Note 14. Risk Management

The Risk Management Programs of the County are as follows:

Workmen's Compensation - County and School Board

Workmen's Compensation Insurance for the County is provided through the Virginia Municipal Self Insurance Association. During 1999-2000, total premiums paid were \$52,870. Benefits are those afforded through the Commonwealth of Virginia. Premiums are based upon covered payroll, job rates and claims experience.

COUNTY OF BEDFORD
NOTES TO FINANCIAL STATEMENTS
June 30, 2000

Note 14. Risk Management (Continued)

Workmen's Compensation - County and School Board (Continued)

Workmen's Compensation Insurance for the School Board is provided by PMA Insurance Company. Benefits are those afforded through the Commonwealth of Virginia. The total premium for 1999-2000 was \$134,480. The policy is retroactively rated based on the current year experience and adjusted subsequent to the audit date.

Workmen's Compensation and Employer's Liability - Library

Workmen's compensation and employer's liability insurance is provided through the Cincinnati Casualty Insurance Company. Workers compensation benefits are those afforded by the law of the Commonwealth of Virginia. Premiums are based upon covered payroll, job rates and claims experience.

General Liability and Other - County

General Liability, Business Automobile, Boiler and Machinery, and Property Insurance is provided through the Virginia Association of Counties Insurance Pool. There is a \$2,000,000 limit on the each of these policies. In addition, the County maintains an additional \$2,000,000 umbrella policy over all forms of liability insurance. These insurance policies are covered as per the statement of values. Total premiums for 1999-2000 were \$93,043.

The Public Officials Liability Insurance and Law Enforcement Liability Insurance with a \$1,000,000 limit are covered through a policy with the Commonwealth of Virginia. Total premiums for 1999-2000 were \$6,910.

General Liability and Other - School Board

General Liability, Business Automobile, Boiler & Machinery, and Property Insurance is provided through Zurich Commercial Insurance Company, Inc. General Liability has a \$2,000,000 limit and Business Automobile has a \$1,000,000 limit. Boiler and Machinery coverage and Property Insurance are covered as per the statement of values. Total premiums for 1999-2000 were \$135,813.

School Board Legal Liability Insurance is provided through Intercargo Insurance Company. Legal liability has a \$1,000,000 limit with a \$5,000 retained limit. Total premiums for 1999-2000 were \$8,280.

COUNTY OF BEDFORD
NOTES TO FINANCIAL STATEMENTS
June 30, 2000

Note 14. Risk Management (Continued)

General Liability and Other - Library

The Library maintains an insurance policy under the Virginia Local Government Risk Management Plan which covers General and Public officials liability up to \$1,000,000. The Library also has a \$400,000 property and contents policy with the Cincinnati Casualty Insurance Company for the Central Library as well as a crime policy which covers employee dishonesty up to \$50,000 for all employees that have custody of cash. The Branch Library and their contents are covered under the County's policy.

Healthcare

Health Insurance is provided to the County by Virginia Association of Counties Political Subdivision Health Benefits Trust, Health Insurance is provided to the School Board by Trigon Healthcare, Inc. During fiscal year 1999-2000, total premiums paid were \$441,246 and \$1,252,543 for the County and School Board, respectively. The program generally pays 80 percent of allowable medical charges (after applicable deductibles or copayments). The employees' share is 20 percent of allowable medical charges up to \$2,000 for an individual and up to \$4,000 for a family. Once these limits are met, the program pays 100 percent of allowable charges.

There were no significant reductions in insurance coverages from the prior year, and no settlements that exceeded the amount of insurance coverage during the last three fiscal years.

Surety Bonds

Fidelity and Deposit Insurance Company of Maryland – Surety

Carol W. Black – Clerk of the Circuit Court	\$ 500,000
Faye W. Eubank – Commissioner of the Revenue	\$ 500,000
Michael J. Brown – Sheriff	\$ 500,000
Norma M. Edwards – Treasurer	\$ 500,000
The above constitutional officers' employees – blanket bond	\$ 500,000

Virginia Corp

All County and Social Service employees	\$ 250,000
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Zurich Insurance Company – Surety

Karen S. Bryant – Clerk of the School Board	\$ 100,000
Janet Johnston – Deputy Clerk	\$ 100,000
All School Board employees – blanket bond	\$ 50,000

COUNTY OF BEDFORD

NOTES TO FINANCIAL STATEMENTS June 30, 2000

Note 15. Landfill Closure and Post-closure Care Cost

Permit #30

The County stopped accepting waste at its old landfill site, permit #30, on October 8, 1993. In accordance with federal and state laws, the County placed a final cover on this site and will perform certain maintenance and monitoring functions at this site for ten years after closure. The site was certified as closed by the Virginia Department of Environmental Quality on July 2, 1996. The cumulative amount of estimated postclosure care costs to date for this site, less amounts expended for such costs to date, totals \$2,727,535. Included in this amount are capital improvements related to ground water monitoring wells and treatment of leachate-contaminated groundwater. If these capital improvements are needed, it is estimated that \$469,304 in costs will be incurred during fiscal year 2001.

These amounts are included in the landfill closure and postclosure liability in the General Long-Term Debt Group and the General Fund. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Permit #560

The County's new landfill site, permit #560, began accepting waste on October 9, 1993. State and federal laws and regulations require the County to place a final cover on this landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,947,676 reported as landfill closure and postclosure care liability at June 30, 2000 represents the cumulative amount reported to date based on the use of approximately 44 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$2,473,269 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2000. The County expects to close the landfill in 2008. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

Note 16. Commitments and Contingencies

Litigation

The County is a potential defendant in litigation involving claims for damages of various types. County officials estimate that any ultimate liability not covered by insurance will have an immaterial effect on the County's financial position.

Special Purpose Grants

Special purpose grants are subject to audit to determine compliance with their requirements. County officials believe that if any refunds are required, they will be immaterial.

COUNTY OF BEDFORD
NOTES TO FINANCIAL STATEMENTS
June 30, 2000

Note 16. Commitments and Contingencies (Continued)

Water System Upgrades

The County was notified by the Virginia Department of Health that several schools require upgrades to their water system. Estimated cost of these upgrades is \$500,000 and is expected to be completed during fiscal year 2001.

Department of Transportation Grant

The County received a \$223,042 grant from the Department of Transportation to be used to develop an industrial access road into the joint industrial park. The grant proceeds must be returned to the Department of Transportation if the County is unable to get a commitment from a business to locate in the park by October 2003. County officials are confident that they will obtain the commitment prior to October 2003.

Note 17. Joint Economic Development and Growth Sharing Agreement

Bedford County and the City of Bedford entered into a voluntary agreed dated February 9, 1998 titled "Joint Economic Development and Growth Sharing Agreement." The agreement provides for the development of a jointly owned 110 acre industrial park within the City; designation of four economic development areas located in the County adjacent to the City for which water and sewer will be made available that will enhance commercial and industrial development; and development of a long range plan to address water and sewer needs in the central part of Bedford County.

The County and City agreed in perpetuity to share equally all local taxes on real estate, personal property and machinery and tools, merchant's capital, sales and use taxes, and all business, professional and occupational taxation and any other taxes generated in respect to properties and activities with the Economic Development Areas (including the Industrial Park site located within the City and four designated areas located within the County).

As of June 30, 2000, the City had incurred total cost of \$1,704,106 for the development of the jointly owned industrial park site located within the City. The County is to equally share in these costs and had reimbursed the City \$852,053 as of June 30, 2000.

Note 18. Extraordinary Item

During the year, the County released claim to \$394,762 owed to it by the Bedford County Nursing Home for indirect costs allocated to the Nursing Home during the period June 30, 1996 to June 30, 2000.

Note 19. Subsequent Events

School Construction

On August 11, 2000, the School Board entered into a construction contract in the amount of \$11,038,700 for additions and renovations to Liberty High School. During the current year, \$4,200,000 in debt was issued for the project. The School Board has applied for \$7,500,000 in VSPA Interest Subsidy Bonds to fund the improvements.

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COMBINING FINANCIAL STATEMENTS

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ENTERPRISE FUNDS

Nursing Home Fund - accounts for the operations of the County's Nursing Home. This operation is designed to be self-supporting through user charges. This fund records the acquisition of its depreciable assets and land.

Landfill Fund - accounts for the operations of the County Landfill. This operation is designed to be self-supporting through user charges. This fund services its own debt, accounts for its construction projects, and records the acquisition of its depreciable assets and land.

**COUNTY OF BEDFORD
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
June 30, 2000**

EXHIBIT A-1

ASSETS	Nursing Home	Landfill	Totals
Current Assets			
Cash and cash equivalents	\$ 200,916	\$ 3,891,409	\$ 4,092,325
Cash and cash equivalents, restricted	14,673	-	14,673
Receivables, net of allowance	186,591	57,973	244,564
Due from other funds	-	175,487	175,487
Prepaid items	5,173	1,751	6,924
Total Current Assets	407,353	4,126,620	4,533,973
Fixed Assets, Net of Accumulated Depreciation	924,379	3,524,270	4,448,649
Total Assets	\$ 1,331,732	\$ 7,650,890	\$ 8,982,622
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 23,161	\$ 11,187	\$ 34,348
Accrued payroll and related liabilities	35,052	567	35,619
Due to other funds	115,199	-	115,199
Assets held in agency capacity	14,673	-	14,673
Capital lease obligations	-	90,249	90,249
Total Current Liabilities	188,085	102,003	290,088
Long-term Liabilities			
Capital lease obligations	-	390,520	390,520
Employee leave liability	51,737	16,943	68,680
Landfill closure/post-closure care liability	-	1,947,676	1,947,676
Total Liabilities	239,822	2,457,142	2,696,964
EQUITY			
Contributed capital	1,111,801	1,804,230	2,916,031
Retained earnings (deficit)	(19,891)	3,389,518	3,369,627
Total Equity	1,091,910	5,193,748	6,285,658
Total Liabilities and Equity	\$ 1,331,732	\$ 7,650,890	\$ 8,982,622

**COUNTY OF BEDFORD
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS
Year Ended June 30, 2000**

EXHIBIT A-2

	<u>Nursing Home</u>	<u>Landfill</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 1,629,982	\$ 2,456,586	\$ 4,086,568
Other	916	15,263	16,179
Total Operating Revenues	<u>1,630,898</u>	<u>2,471,849</u>	<u>4,102,747</u>
OPERATING EXPENSES			
Personal Services	1,031,423	316,075	1,347,498
Employee Benefits	259,135	85,447	344,582
Purchased Services	80,493	277,910	358,403
Continuous Charges	179,717	100,108	279,825
Supplies and Materials	219,885	119,774	339,659
Equipment, Property and Improvements	1,421	18,710	20,131
Landfill closure/post-closure care	-	326,279	326,279
Depreciation	57,752	371,617	429,369
Total Operating Expenses	<u>1,829,826</u>	<u>1,615,920</u>	<u>3,445,746</u>
Operating Income (Loss)	<u>(198,928)</u>	<u>855,929</u>	<u>657,001</u>
NONOPERATING INCOME (EXPENSE)			
Interest income	9,523	210,277	219,800
Interest expense	-	(29,748)	(29,748)
Net Nonoperating Income	<u>9,523</u>	<u>180,529</u>	<u>190,052</u>
Net Income (Loss) before Operating Transfers	(189,405)	1,036,458	847,053
OPERATING TRANSFERS			
In from Governmental Fund types	223,323	4,357	227,680
Out to Governmental Fund types	-	(170,000)	(170,000)
Net Income before Extraordinary Item	33,918	870,815	904,733
EXTRAORDINARY ITEM	394,762	-	394,762
Net Income	<u>428,680</u>	<u>870,815</u>	<u>1,299,495</u>
RETAINED EARNINGS (DEFICIT) AT JULY 1	<u>(448,571)</u>	<u>2,518,703</u>	<u>2,070,132</u>
RETAINED EARNINGS (DEFICIT) AT JUNE 30	<u>\$ (19,891)</u>	<u>\$ 3,389,518</u>	<u>\$ 3,369,627</u>

**COUNTY OF BEDFORD
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 2000**

EXHIBIT A-3

	<u>Nursing Home</u>	<u>Landfill</u>	<u>Totals</u>
OPERATING ACTIVITIES			
Operating income (loss)	\$ (198,928)	\$ 855,929	\$ 657,001
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	57,752	371,617	429,369
Landfill closure/post-closure care	-	326,279	326,279
Change in current assets and liabilities:			
(Increase) decrease in:			
Receivables	(84,931)	(495)	(85,426)
Due from other funds	-	(9,091)	(9,091)
Prepaid items	(212)	198	(14)
(Decrease) increase in:			
Accounts payable and accrued liabilities	22,927	(6,338)	16,589
Due to other funds	115,199	-	115,199
Assets held in agency capacity	2,078	-	2,078
Net cash provided by (used in) operating activities	<u>(86,115)</u>	<u>1,538,099</u>	<u>1,451,984</u>
NONCAPITAL FINANCING ACTIVITIES			
Operating transfers:			
In from Governmental Fund types	223,323	4,357	227,680
Out to Governmental Fund types	<u>-</u>	<u>(1,470,000)</u>	<u>(1,470,000)</u>
Net cash provided by (used in) noncapital financing activities	<u>223,323</u>	<u>(1,465,643)</u>	<u>(1,242,320)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(4,063)	(239,453)	(243,516)
Principal paid on debt	-	(83,491)	(83,491)
Interest paid on debt	<u>-</u>	<u>(29,749)</u>	<u>(29,749)</u>
Net cash used in capital and related financing activities	<u>(4,063)</u>	<u>(352,693)</u>	<u>(356,756)</u>
INVESTING ACTIVITIES			
Interest received on deposits	<u>9,523</u>	<u>210,277</u>	<u>219,800</u>
Net cash provided by investing activities	<u>9,523</u>	<u>210,277</u>	<u>219,800</u>
Net increase (decrease) in cash and cash equivalents	142,668	(69,960)	72,708
CASH AND CASH EQUIVALENTS			
Beginning at July 1	<u>72,921</u>	<u>3,961,369</u>	<u>4,034,290</u>
Ending at June 30	<u>\$ 215,589</u>	<u>\$ 3,891,409</u>	<u>\$ 4,106,998</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital assets financed through capital leases	\$ -	\$ 120,098	\$ 120,098
Capital assets acquired through capital contributions	<u>\$ 32,292</u>	<u>\$ 5,000</u>	<u>\$ 37,292</u>
Forgiveness of debt	<u>\$ 394,762</u>	<u>\$ -</u>	<u>\$ 394,762</u>

AGENCY FUNDS

Special Welfare Fund - accounts for money received by the County from the Social Security Administration on behalf of citizens of the County. The County Social Services Department interfaces with the citizens and writes checks on their behalf as required.

Road Escrow Fund - accounts for assets deposited by communities within the County that have requested the State maintain their roads.

Land Disturbing Bond Fund - accounts for bonds posted by builders.

Matt Brown Memorial D.A.R.E. Fund - accounts for donations to the Sheriff's Office Drug Awareness Resistance Education (D.A.R.E.) Program in memory of Matt Brown.

COUNTY OF BEDFORD

EXHIBIT B-1

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended June 30, 2000**

ASSETS	Balance July 1	Additions	Reductions	Balance June 30
Special Welfare	\$ 11,791	\$ 165,248	\$ 165,924	\$ 11,115
Road Escrow	50,313	111,057	-	161,370
Land Disturbing Bond	121,464	111,722	33,909	199,277
Matt Brown Memorial Fund	2,382	59	1,293	1,148
	<u>\$ 185,950</u>	<u>\$ 388,086</u>	<u>\$ 201,126</u>	<u>\$ 372,910</u>

LIABILITIES	Balance July 1	Additions	Reductions	Balance June 30
Special Welfare	\$ 11,791	\$ 165,248	\$ 165,924	\$ 11,115
Road Escrow	50,313	111,057	-	161,370
Land Disturbing Bond	121,464	111,722	33,909	199,277
Matt Brown Memorial Fund	2,382	59	1,293	1,148
	<u>\$ 185,950</u>	<u>\$ 388,086</u>	<u>\$ 201,126</u>	<u>\$ 372,910</u>

**DISCRETELY PRESENTED COMPONENT
UNIT -- SCHOOL BOARD**

COUNTY OF BEDFORD
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
COMBINING BALANCE SHEET
June 30, 2000

EXHIBIT C-1

	Governmental Fund Types				Account Groups		Totals (Memorandum Only)
	Special Revenue Funds			Capital Projects	General Fixed Assets	General Long-term Debt	
	Operating	Nutrition	Textbooks				
ASSETS AND OTHER DEBITS							
Cash and cash equivalents	\$ 477,823	\$ 846,506	\$ 220,916	\$ 244,740	\$ -	\$ -	\$ 1,789,985
Cash and cash equivalents, restricted	-	-	-	6,074,758	-	-	6,074,758
Other receivables	19,413	-	-	-	-	-	19,413
Due from primary government	4,271,212	-	-	-	-	-	4,271,212
Due from other governmental units	1,537,907	68,146	-	-	-	-	1,606,053
Inventories	-	107,802	-	-	-	-	107,802
Fixed assets	-	-	-	-	133,677,989	-	133,677,989
Amount to be provided for the retirement of general long-term obligations	-	-	-	-	-	55,867,915	55,867,915
Total Assets and Other Debits	\$ 6,306,355	\$ 1,022,454	\$ 220,916	\$ 6,319,498	\$ 133,677,989	\$ 55,867,915	\$ 203,415,127
LIABILITIES							
Accounts payable and accrued liabilities	\$ 239,731	\$ 19,715	\$ 2,892	\$ 1,905,512	\$ -	\$ -	\$ 2,167,850
Accrued payroll and related liabilities	5,588,800	188,246	-	-	-	-	5,777,046
General obligation bonds	-	-	-	-	-	50,480,340	50,480,340
State literary fund loans	-	-	-	-	-	2,381,649	2,381,649
Capital lease obligations	-	-	-	-	-	2,778,685	2,778,685
Employee leave liability	-	-	-	-	-	227,241	227,241
Total Liabilities	5,828,531	207,961	2,892	1,905,512	-	55,867,915	63,812,811
EQUITY AND OTHER CREDITS							
Investment in fixed assets	-	-	-	-	133,677,989	-	133,677,989
Fund balances:							
Reserved	477,824	107,802	207,700	4,413,986	-	-	5,207,312
Unreserved:							
Designated	-	706,691	10,324	-	-	-	717,015
Total Fund Balances	477,824	814,493	218,024	4,413,986	-	-	5,924,327
Total Equity and Other Credits	477,824	814,493	218,024	4,413,986	133,677,989	-	139,602,316
Total Liabilities, Equity and Other Credits	\$ 6,306,355	\$ 1,022,454	\$ 220,916	\$ 6,319,498	\$ 133,677,989	\$ 55,867,915	\$ 203,415,127

BEDFORD COUNTY

EXHIBIT C- 2

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended June 30, 2000

	Governmental Fund Types				Totals (Memorandum Only)
	Special Revenue Funds			Capital Projects	
	Operating	Nutrition	Textbooks		
SOURCES OF FINANCIAL RESOURCES					
Revenues:					
Revenue from use of money and property	\$ 37,122	\$ 37,176	\$ 279	\$ 351,747	\$ 426,324
Charges for services	89,245	1,917,298	5,943	-	2,012,486
Other	249,109	-	-	-	249,109
Recovered costs	4,002,988	-	-	-	4,002,988
Intergovernmental	32,993,157	1,169,234	216,852	449,523	34,828,766
Total Revenues	37,371,621	3,123,708	223,074	801,270	41,519,673
Other Sources:					
Operating transfers in from:					
Primary government:					
Governmental Fund types	20,069,664	-	1,485,902	50,000	21,605,566
Other financing sources					
Bond proceeds:					
General obligation bonds	-	-	-	16,333,905	16,333,905
Capital lease proceeds	743,953	-	-	-	743,953
Total Sources of Financial Resources	58,185,238	3,123,708	1,708,976	17,185,175	80,203,097
USES OF FINANCIAL RESOURCES					
Expenditures:					
Current:					
Education:					
Instructional	41,612,841	-	1,490,952	-	43,103,793
Administration, attendance and health	1,712,581	-	-	-	1,712,581
Pupil transportation services	3,842,621	-	-	-	3,842,621
Operations and maintenance service	4,670,471	-	-	-	4,670,471
Food services	-	3,157,432	-	-	3,157,432
Total Education	51,838,514	3,157,432	1,490,952	-	56,486,898
Capital projects	-	-	-	17,554,990	17,554,990
Debt service:					
Principal retirement	4,590,334	-	-	-	4,590,334
Interest and fiscal charges	2,396,078	-	-	-	2,396,078
Debt issuance costs	-	-	-	11,776	11,776
Total Expenditures	58,824,926	3,157,432	1,490,952	17,566,766	81,040,076
Total Uses of Financial Resources	58,824,926	3,157,432	1,490,952	17,566,766	81,040,076
Net Increase in Fund Balances	(639,688)	(33,724)	218,024	(381,591)	(836,979)
FUND BALANCES AT JULY 1	1,117,512	848,217	-	4,795,577	6,761,306
FUND BALANCES AT JUNE 30	\$ 477,824	\$ 814,493	\$ 218,024	\$ 4,413,986	\$ 5,924,327

BEDFORD COUNTY
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CASH BASIS) - SPECIAL REVENUE FUNDS
Year Ended June 30, 2000

	Governmental Fund Types								
	Operating			Nutrition			Textbooks		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
SOURCES OF FINANCIAL RESOURCES									
Revenues:									
Revenue from use of money and property	\$ 4,334	\$ 37,122	\$ 32,788	\$ 40,150	\$ 37,176	\$ (2,974)	\$ -	\$ 279	\$ 279
Charges for services	105,000	89,174	(15,826)	1,900,655	1,917,297	16,642	1,500	5,943	4,443
Other	212,920	234,327	21,407	-	-	-	-	-	-
Recovered costs	4,433,771	3,988,484	(445,287)	-	-	-	-	-	-
Intergovernmental	33,020,903	31,722,323	(1,298,580)	1,253,030	1,153,068	(99,962)	214,202	216,852	2,650
Total Revenues	37,776,928	36,071,430	(1,705,498)	3,193,835	3,107,541	(86,294)	215,702	223,074	7,372
Other Sources:									
Operating transfers in from:									
Primary government:									
Governmental Fund types	20,635,889	20,034,378	(601,511)	-	-	-	1,485,902	1,485,902	-
Total Sources of Financial Resources	58,412,817	56,105,808	(2,307,009)	3,193,835	3,107,541	(86,294)	1,701,604	1,708,976	7,372
USES OF FINANCIAL RESOURCES									
Expenditures:									
Current:									
Education:									
Instructional	42,149,340	40,803,393	1,345,947	-	-	-	1,701,604	1,488,060	213,544
Administration, attendance and health	1,756,798	1,672,381	84,417	-	-	-	-	-	-
Pupil transportation services	2,961,365	2,920,557	40,808	-	-	-	-	-	-
Operations and maintenance service	5,077,371	4,459,640	617,731	-	-	-	-	-	-
Food services	-	-	-	3,472,352	3,144,500	327,852	-	-	-
Total Education	51,944,874	49,855,971	2,088,903	3,472,352	3,144,500	327,852	1,701,604	1,488,060	213,544
Debt service:									
Principal retirements	4,590,614	4,590,334	280	-	-	-	-	-	-
Interest and fiscal charges	2,405,662	2,396,253	9,409	-	-	-	-	-	-
Total Expenditures	58,941,150	56,842,558	2,098,592	3,472,352	3,144,500	327,852	1,701,604	1,488,060	213,544
Total Uses of Financial Resources	58,941,150	56,842,558	2,098,592	3,472,352	3,144,500	327,852	1,701,604	1,488,060	213,544
Net Increase (Decrease) in Fund Balan	(528,333)	(736,750)	(208,417)	(278,517)	(36,959)	241,558	-	220,916	220,916
FUND BALANCES AT JULY 1	1,214,573	1,214,573	-	883,465	883,465	-	-	-	-
FUND BALANCES AT JUNE 30	\$ 686,240	\$ 477,823	\$ (208,417)	\$ 604,948	\$ 846,506	\$ 241,558	\$ -	\$ 220,916	\$ 220,916

**DISCRETELY PRESENTED COMPONENT
UNIT -- PUBLIC LIBRARY**

COUNTY OF BEDFORD

EXHIBIT D-1

**DISCRETELY PRESENTED COMPONENT UNIT - PUBLIC LIBRARY
COMBINING BALANCE SHEET
June 30, 2000**

	Governmental Fund Types		Account Groups		Totals
		Special	General	General	(Memorandum
	General	Revenue	Fixed	Long-term	Only)
			Assets	Obligations	
ASSETS AND OTHER DEBITS					
Cash and cash equivalents	\$ 92,273	\$ -	\$ -	\$ -	\$ 92,273
Cash and cash equivalents, restricted	-	27,345	-	-	27,345
Prepaid Items	60,191	-	-	-	60,191
Fixed assets	-	-	1,132,518	-	1,132,518
Amount to be provided for the retirement of general long-term obligations	-	-	-	33,320	33,320
Total Assets and Other Debits	\$ 152,464	\$ 27,345	\$ 1,132,518	\$ 33,320	\$ 1,345,647
LIABILITIES					
Accounts payable and accrued liabilities	\$ 14,040	\$ -	\$ -	\$ -	\$ 14,040
Accrued payroll and related liabilities	15,396	-	-	-	15,396
Due to primary government	81,213	-	-	-	81,213
Due to other governmental units	41,815	-	-	-	41,815
Employee leave liability	-	-	-	33,320	33,320
Total Liabilities	152,464	-	-	33,320	185,784
EQUITY AND OTHER CREDITS					
Investment in general fixed assets	-	-	1,132,518	-	1,132,518
Fund balances:					
Reserved	-	27,345	-	-	27,345
Total Equity and Other Credits	-	27,345	1,132,518	-	1,159,863
Total Liabilities, Equity and Other Credits	\$ 152,464	\$ 27,345	\$ 1,132,518	\$ 33,320	\$ 1,345,647

COUNTY OF BEDFORD

DISCRETELY PRESENTED COMPONENT UNIT - PUBLIC LIBRARY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUND TYPES
Year Ended June 30, 2000

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
SOURCES OF FINANCIAL RESOURCES			
Revenues			
Local sources			
County of Bedford	\$ 764,321	\$ -	\$ 764,321
City of Bedford	145,585	-	145,585
Total revenue from local sources	<u>909,906</u>	<u>-</u>	<u>909,906</u>
Other			
State Library aid	284,159	-	284,159
Interest income	9,640	551	10,191
Fees and fines	24,837	-	24,837
Copy machine revenue	2,572	-	2,572
Lost books	5,301	-	5,301
Memorials and donations	14,015	16,084	30,099
Bedford Community Health Fund	4,000	-	4,000
Other	889	-	889
Total other revenue	<u>345,413</u>	<u>16,635</u>	<u>362,048</u>
Other sources			
Operating transfers in from Special Revenue Fund	<u>3,216</u>	<u>-</u>	<u>3,216</u>
Total sources of financial resources	<u>1,258,535</u>	<u>16,635</u>	<u>1,275,170</u>
USES OF FINANCIAL RESOURCES			
Expenditures			
Personal services	820,647	-	820,647
Contractual services	179,773	735	180,508
Library materials	121,413	-	121,413
Library programs	11,990	-	11,990
Supplies and materials	38,569	-	38,569
Continuous charges	64,490	48	64,538
Equipment	21,653	-	21,653
Total expenditures	<u>1,258,535</u>	<u>783</u>	<u>1,259,318</u>
Other uses			
Operating transfers out to General Fund	<u>-</u>	<u>3,216</u>	<u>3,216</u>
Total Uses of Financial Resources	<u>1,258,535</u>	<u>3,999</u>	<u>1,262,534</u>
Net Increase in Fund Balances	<u>-</u>	<u>12,636</u>	<u>12,636</u>
FUND BALANCE AT JULY 1	<u>-</u>	<u>14,709</u>	<u>14,709</u>
FUND BALANCE AT JUNE 30	<u>\$ -</u>	<u>\$ 27,345</u>	<u>\$ 27,345</u>

COUNTY OF BEDFORD

DISCRETELY PRESENTED COMPONENT UNIT - PUBLIC LIBRARY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL (CASH BASIS) - GENERAL FUND
Year Ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
SOURCES OF FINANCIAL RESOURCES			
Revenues:			
From local sources:			
County of Bedford	\$ 807,619	\$ 792,619	\$ (15,000)
City of Bedford	166,522	163,429	(3,093)
Total revenues from local services	974,141	956,048	(18,093)
Other:			
State Library aid	284,159	284,159	-
Interest income	5,000	9,640	4,640
Fees and fines	14,000	24,837	10,837
Copy machine revenue	2,500	2,572	72
Lost books	1,000	5,347	4,347
Memorials/gifts	8,000	14,015	6,015
Bedford Community Health Fund	4,000	4,000	-
Other	1,000	889	(111)
Total other revenue	319,659	345,459	25,800
Other Sources:			
Operating transfers in from:			
Governmental Fund types	-	3,216	3,216
Total sources of financial resources	1,293,800	1,304,723	10,923
USES OF FINANCIAL RESOURCES			
Expenditures:			
Personal Services	849,516	842,970	6,546
Contractual Services	179,358	201,954	(22,596)
Library Materials	140,181	141,049	(868)
Library Programs	7,000	11,704	(4,704)
Supplies and Materials	43,700	38,207	5,493
Continuous Charges	67,545	75,440	(7,895)
Equipment	6,500	23,223	(16,723)
Total uses of financial resources	1,293,800	1,334,547	(40,747)
Net increase (decrease) in fund balance	-	(29,824)	(29,824)
FUND BALANCE AT JULY 1	122,097	122,097	-
FUND BALANCE AT JUNE 30	<u>\$ 122,097</u>	<u>\$ 92,273</u>	<u>\$ (29,824)</u>

SUPPORTING SCHEDULES

COUNTY OF BEDFORD
GOVERNMENTAL FUND TYPE
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (CASH BASIS)
Year Ended June 30, 2000

SCHEDULE 1

	Budget	Actual	Variance Favorable (Unfavorable)
GENERAL FUND			
Revenue from local sources:			
General property taxes:			
Real property taxes	\$ 18,484,019	\$ 20,174,135	\$ 1,690,116
Real and personal public service corp. taxes	1,095,502	1,189,630	94,128
Personal property taxes	10,585,992	8,548,487	(2,037,505)
Machinery and tools taxes	2,081,946	2,164,015	82,069
Merchants capital taxes	76,573	76,062	(511)
Mobile home taxes	266,447	200,650	(65,797)
Penalties and interest	390,000	507,453	117,453
Total General Property Taxes	32,980,479	32,860,432	(120,047)
Other local taxes:			
Local sales and use taxes	2,000,000	1,852,189	(147,811)
Consumers' utility taxes	1,912,579	1,100,498	(812,081)
Business license taxes	501	-	(501)
Franchise license taxes	350,000	342,263	(7,737)
Motor vehicle licenses	1,176,000	1,274,256	98,256
Bank stock taxes	50,000	86,643	36,643
Taxes on recordation and wills	412,000	391,961	(20,039)
Transient occupancy tax	32,000	29,414	(2,586)
Meals Tax	750,000	700,790	(49,210)
E-911 tax	-	1,349	1,349
Total Other Local Taxes	6,683,080	5,779,363	(903,717)
Permits, privilege fees and regulatory licenses:			
Animal licenses	19,000	16,032	(2,968)
Building permits	357,500	334,022	(23,478)
Permits and other licenses	45,050	43,371	(1,679)
Planning and Zoning Fees	65,000	148,320	83,320
Total Permits, Privilege Fees and Regulatory Licenses	486,550	541,745	55,195
Fines and forfeitures	83,144	98,030	14,886
Revenue from use of money and property:			
Revenue from use of money	775,000	2,087,011	1,312,011
Revenue from use of property	69,500	52,356	(17,144)
Total Revenue from Use of Money and Property	844,500	2,139,367	1,294,867
Charges for services:			
Court costs	117,500	130,283	12,783
Law enforcement and traffic control	20,000	30,502	10,502
Commonwealth's Attorney	1,200	1,948	748
Recreation	10,000	7,994	(2,006)
Correction and detention	100	-	(100)
Welfare/social services	116,675	201,152	84,477
Tournament Fees- Youth	2,500	16,621	14,121
Other	15,500	13,113	(2,387)
Total Charges for Services	283,475	401,613	118,138
Other revenues:			
Insurance adjustments	-	379	379
Recreation grants	64,500	-	(64,500)
Other	76,954	89,635	12,681
Total Other Revenues	141,454	90,014	(51,440)

(Continued)

COUNTY OF BEDFORD
GOVERNMENTAL FUND TYPE
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (CASH BASIS)
Year Ended June 30, 2000

SCHEDULE 1

	Budget	Actual	Variance Favorable (Unfavorable)
GENERAL FUND (Continued)			
Revenue from local sources: (Continued)			
Recovered costs:			
City of Bedford-shared services	\$ 752,588	\$ 274,488	\$ (478,100)
Bedford Public Library	30,798	24,499	(6,299)
Total Recovered Costs	783,386	298,987	(484,399)
Total Revenue from Local Sources	42,286,068	42,209,551	(76,517)
Intergovernmental revenues:			
Revenue from the Commonwealth:			
Non-categorical aid:			
Personal Property Tax Relief Act	-	1,935,935	1,935,935
ABC profits	102,000	140,311	38,311
Wine taxes	60,000	68,923	8,923
Rental Tax	-	29,133	29,133
Rolling stock tax rails	150,000	157,786	7,786
Mobile home titling taxes	225,000	548,395	323,395
Recordation tax	325,000	303,769	(21,231)
Total Non-categorical Aid	862,000	3,184,252	2,322,252
Categorical aid:			
Shared expenses:			
Commonwealth's Attorney	339,152	343,777	4,625
Sheriff	1,800,565	2,068,003	267,438
Commissioner of the Revenue	146,861	195,249	48,388
Treasurer	132,257	159,471	27,214
Registrar/Electoral Board	46,000	46,512	512
Clerk of Circuit Court	13,808	13,978	170
Communications	130,000	129,080	(920)
Medical examiner	800	360	(440)
Total Shared Expenses	2,609,443	2,956,430	346,987
Other:			
Public assistance and welfare administration	1,302,670	896,476	(406,194)
Comprehensive Services Act	1,940,619	1,841,733	(98,886)
Industrial Road Access grant	-	223,042	223,042
COPS Grant	36,148	-	(36,148)
School Resource Officer	29,547	32,028	2,481
Emergency medical services	30,000	27,654	(2,346)
Cooperative extension	1,000	-	(1,000)
VA commission of arts	4,500	-	(4,500)
Victim Witness Coordinator	13,458	10,179	(3,279)
VJCCCA	201,123	201,123	-
Domestic violence grant	45,444	42,329	(3,115)
Other	10,465	15,256	4,791
VOCA grant	24,000	-	(24,000)
Litter control/ Recycling	6,500	9,530	3,030
Subdivision Plat Book grant	6,260	6,260	-
Juror Reimbursement	50,000	27,294	(22,706)
Witness Protection funds	-	4,000	4,000
Fire funds	60,000	58,641	(1,359)
Total Other Categorical Aid	3,761,734	3,395,545	(366,189)
Total Categorical Aid	6,371,177	6,351,975	(19,202)
Total Revenue from the Commonwealth	7,233,177	9,536,227	2,303,050

(Continued)

COUNTY OF BEDFORD
GOVERNMENTAL FUND TYPE
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (CASH BASIS)
Year Ended June 30, 2000

SCHEDULE 1

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
GENERAL FUND (Continued)			
Intergovernmental revenues: (Continued)			
Revenue from the Federal Government:			
Payments in lieu of taxes	\$ 18,000	\$ 15,644	\$ (2,356)
Non-categorical aid:			
Mineral Rights	500	122	(378)
Total Non-categorical Aid	<u>500</u>	<u>122</u>	<u>(378)</u>
Categorical aid:			
Local Law Enforcement Block Grant	982	3,765	2,783
COPS Grant	94,160	98,461	4,301
DEA Overtime Reimbursement	7,369	13,414	6,045
School resource officer	49,246	33,513	(15,733)
Internet Crimes Grant	176,359	176,650	291
V-Stop Grant - Commonwealth Attorney	4,368	4,314	(54)
V-Stop Grant -Domestic Violence	-	1,967	1,967
Vice officer grant	27,039	13,078	(13,961)
Land and water safety grant	5,500	2,459	(3,041)
DMV .08 Selective ENF grant	14,000	-	(14,000)
Bulletproof Vest grant	10,477	7,714	(2,763)
Justice Fund	76,558	84,080	7,522
Victim witness coordinator	40,373	40,717	344
Public assistance and welfare administration	1,488,352	1,716,960	228,608
Total Categorical Aid	<u>1,994,783</u>	<u>2,197,092</u>	<u>202,309</u>
Total Revenue from Federal Government	<u>2,013,283</u>	<u>2,212,858</u>	<u>199,575</u>
Total Intergovernmental Revenues	<u>9,246,460</u>	<u>11,749,085</u>	<u>2,502,625</u>
Total General Fund	<u>\$ 51,532,528</u>	<u>\$ 53,958,636</u>	<u>\$ 2,426,108</u>

COUNTY OF BEDFORD
GOVERNMENTAL FUND TYPE
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CASH BASIS)
Year Ended June 30, 2000

SCHEDULE 2

	Budget	Actual	Variance Favorable (Unfavorable)
GENERAL FUND			
General government administration:			
Legislative:			
Board of Supervisors	\$ 255,392	\$ 176,784	\$ 78,608
General and financial administration:			
County Administration	550,802	490,392	60,410
County Attorney	82,958	67,211	15,747
Independent auditor	50,000	47,900	2,100
Commissioner of Revenue	429,745	401,890	27,855
Assessor	17,173	17,173	-
General reassessment	7,521	4,800	2,721
Treasurer	410,321	404,054	6,267
Fiscal management	266,893	265,268	1,625
Management Information Systems	165,349	154,736	10,613
Electoral board	47,425	45,402	2,023
Registrar	79,437	69,418	10,019
Total General and Financial Administration	2,107,624	1,968,244	139,380
Total General Government Administration	2,363,016	2,145,028	217,988
Judicial administration:			
Courts:			
Circuit Court	92,921	77,350	15,571
District Court	15,870	13,140	2,730
Magistrate	3,245	2,000	1,245
Juvenile and Domestic Relations District Court	19,755	19,753	2
Clerk of the Circuit Court	218,114	147,207	70,907
Chancery Suits Preservation	24,399	16,431	7,968
Land Books Preservation	3,885	-	3,885
Subdivision Plat Book Preservation	6,260	5,760	500
Victim Witness Coordinator	72,649	65,190	7,459
Law Library	18,379	8,428	9,951
Other court services	21,532	16,458	5,074
Total Courts	497,009	371,717	125,292
Commonwealth Attorney	409,296	403,810	5,486
Total Judicial Administration	906,305	775,527	130,778
Public safety:			
Law enforcement and traffic control:			
Sheriff	3,435,202	3,371,215	63,987
Drug Enforcement Grant (Vice)	36,053	33,940	2,113
School Resource Officer	101,006	87,347	13,659
COPS Grant	133,153	132,619	534
Internet Crimes Grant	204,638	196,613	8,025
Total Law Enforcement / Traffic	3,910,052	3,821,734	88,318
Fire and Rescue Services:			
Volunteer fire companies	466,810	465,388	1,422
Volunteer rescue squads	443,700	443,214	486
Other fire and rescue services	126,919	96,966	29,953
Total Fire and Rescue Services	1,037,429	1,005,568	31,861

(Continued)

COUNTY OF BEDFORD
GOVERNMENTAL FUND TYPE
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CASH BASIS)
Year Ended June 30, 2000

SCHEDULE 2

	Budget	Actual	Variance Favorable (Unfavorable)
GENERAL FUND (Continued)			
Public safety (Continued):			
Correction and detention:			
Jail/Blue Ridge Regional Jail	\$ 432,196	\$ 432,196	\$ -
Juvenile court services	4,900	4,253	647
VJCCCA	235,817	233,899	1,918
Juvenile secure detention	228,119	178,405	49,714
Total Corrections and Detention	901,032	848,753	52,279
Building Inspector	442,207	407,115	35,092
Other protection:			
Animal control	172,060	166,758	5,302
Medical Examiner	1,200	750	450
Emergency services	120,371	103,593	16,778
Communications center	740,296	671,239	69,057
Transportation Safety Committee	500	474	26
Total Other Protection	1,034,427	942,814	91,613
Total Public Safety	7,325,147	7,025,984	299,163
Public works:			
Sanitation and waste removal:			
Refuse collection	2,793,880	2,789,086	4,794
Refuse disposal	237,291	162,125	75,166
Litter control	38,515	37,010	1,505
Total Sanitation and Waste Removal	3,069,686	2,988,221	81,465
Maintenance - buildings and grounds:			
General Properties	612,783	612,715	68
Central Garage	131,137	88,978	42,159
Total Maintenance - Buildings and Grounds	743,920	701,693	42,227
Total Public Works	3,813,606	3,689,914	123,692
Health and welfare:			
Health:			
Supplement to Local Health Department	351,354	351,354	-
Welfare/social services:			
Public assistance and welfare administration	3,528,660	3,399,232	129,428
Comprehensive services	2,865,643	2,824,014	41,629
Domestic Violence	94,177	72,241	21,936
Other social services	125,172	124,583	589
Total Welfare/Social Services	6,613,652	6,420,070	193,582
Total Health and Welfare	6,965,006	6,771,424	193,582
Education:			
Community colleges	1,500	1,397	103
Parks, recreation and cultural:			
Recreation department	680,488	672,810	7,678
Cultural Enrichment	39,500	35,000	4,500
Contribution to Regional Library	792,619	792,619	-
Total Parks, Recreation and Cultural	1,512,607	1,500,429	12,178

(Continued)

COUNTY OF BEDFORD
GOVERNMENTAL FUND TYPE
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CASH BASIS)
Year Ended June 30, 2000

SCHEDULE 2

	Budget	Actual	Variance Favorable (Unfavorable)
GENERAL FUND (Continued)			
Community development:			
Planning and community development:			
Planning commission	\$ 62,650	\$ 35,149	\$ 27,501
Community development	567,334	385,159	182,175
Boards of Appeals	15,950	2,936	13,014
Economic development	195,423	185,076	10,347
Joint City/County Industrial Park	590,000	530,752	59,248
Local and state Chamber of Commerce	9,700	9,700	-
Public Service Authority	5,770	5,400	370
Total Planning and Community Development	<u>1,446,827</u>	<u>1,154,172</u>	<u>292,655</u>
Environmental management:			
Soil and Water Conservation District	30,000	30,000	-
Smith Mountain Lake Advisory Board	102,085	100,000	2,085
Total Environmental Management	<u>132,085</u>	<u>130,000</u>	<u>2,085</u>
Cooperative Extension Program:			
VPI & SU Extension Office	71,603	66,856	4,747
Cannery	20,512	20,501	11
Total Cooperative Extension Program	<u>92,115</u>	<u>87,357</u>	<u>4,758</u>
Total Community Development	<u>1,671,027</u>	<u>1,371,529</u>	<u>299,498</u>
Capital projects:			
General governmental	200,000	55,707	144,293
Judicial administration	14,417,748	5,390,802	9,026,946
Public safety	1,154,981	460,847	694,134
Public works	3,492,398	2,032,048	1,460,350
Health and Welfare	2,698,080	789,366	1,908,714
Parks, recreation and libraries	2,358,899	1,871,878	487,021
Community and economic development	4,667,729	908,537	3,759,192
Total Capital Projects	<u>28,989,835</u>	<u>11,509,185</u>	<u>17,480,650</u>
Debt service:			
Principal retirement	293,434	293,434	-
Interest and fiscal charges	1,201,172	1,155,206	45,966
Bond issuance costs	10,392	10,392	-
Total Debt Service	<u>1,504,998</u>	<u>1,459,032</u>	<u>45,966</u>
Total General Fund	<u>\$ 55,053,047</u>	<u>\$ 36,249,449</u>	<u>\$ 18,803,598</u>

COUNTY OF BEDFORD

SCHEDULE 3

**SCHEDULE OF THE TREASURER'S ACCOUNTABILITY
June 30, 2000**

ASSETS HELD BY THE TREASURER

Cash on hand	\$ 2,530
Cash in financial institutions	
Checking:	
Wachovia Bank	350,534
BB & T	83,662
First National Exchange Bank	1,652,356
Total Checking	2,086,552
Money Market Mutual Funds:	
Suntrust	338,548
Virginia State Non-Arbitrage Program (SNAP)	18,175,677
Local Government Investment Pool (LGIP)	29,894,064
Total Assets Held by the Treasurer	\$ 50,497,371

LIABILITIES OF THE TREASURER

Balance of County Funds	\$ 50,124,461
Balance of Fiduciary Funds	372,910
Total Liabilities of the Treasurer	\$ 50,497,371

RECONCILIATION TO EXHIBIT 1

Total Cash and Cash Equivalents and Investments per Exhibit 1:	\$ 50,536,431
Funds not under Treasurer's Control:	
Primary Government:	
Nursing Home Resident Funds	(14,673)
Component Units:	
Library (Bedford Library Foundation)	(24,387)
Total Assets Held by the Treasurer	\$ 50,497,371

COUNTY OF BEDFORD
SCHEDULE OF THE TREASURER'S ACCOUNTABILITY TO THE COUNTY
ALL COUNTY FUNDS
Year Ended June 30, 2000

SCHEDULE 4

	Governmental Fund Type	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)	Component Units			Totals (Memorandum Only)
	General	Enterprise	Agency	Primary Government	School Board	Public Library	Industrial Development Authority	
BALANCE, JULY 1	\$ 40,377,336	\$ 4,021,695	\$ 185,950	\$ 44,584,981	\$ 7,980,197	\$ 122,662	\$ 345,901	\$ 53,033,741
RECEIPTS (NET)								
General property taxes	32,860,432	-	-	32,860,432	-	-	-	32,860,432
Other local taxes	5,779,363	-	-	5,779,363	-	-	-	5,779,363
Permits, privilege fees and regulatory licenses	541,745	-	-	541,745	-	-	-	541,745
Fines and forfeitures	98,030	-	-	98,030	-	-	-	98,030
Revenue from use of money and property	2,139,367	219,800	-	2,359,167	426,324	9,640	18,151	2,813,282
Charges for services	401,613	3,992,051	-	4,393,664	2,006,471	32,756	-	6,432,891
Other	90,014	16,179	388,086	494,279	240,270	21,297	149,546	905,392
Recovered costs	298,987	-	-	298,987	3,988,484	-	-	4,287,471
Intergovernmental revenues	11,749,085	-	-	11,749,085	33,541,766	1,240,207	-	46,531,058
Total Receipts	53,958,636	4,228,030	388,086	58,574,752	40,203,315	1,303,900	167,697	100,249,664
OTHER SOURCES								
Operating transfers in	1,470,000	227,680	-	1,697,680	21,570,280	3,216	43,367	23,314,543
Other financing sources	-	-	-	-	16,333,905	-	-	16,333,905
Total Available	95,805,972	8,477,405	574,036	104,857,413	86,087,697	1,429,778	556,965	192,931,853
DISBURSEMENTS (NET)								
Checks issued	34,790,417	4,101,840	201,126	39,093,383	71,224,591	1,334,547	199,999	111,852,520
Retirement of indebtedness	293,434	83,492	-	376,926	4,590,334	-	-	4,967,260
Interest and other debt cost	1,155,206	29,748	-	1,184,954	2,396,253	-	-	3,581,207
Debt issuance costs	10,392	-	-	10,392	11,776	-	-	22,168
Total Disbursements	36,249,449	4,215,080	201,126	40,665,655	78,222,954	1,334,547	199,999	120,423,155
OTHER USES								
Operating transfers out	21,841,327	170,000	-	22,011,327	-	-	-	22,011,327
Total Uses	58,090,776	4,385,080	201,126	62,676,982	78,222,954	1,334,547	199,999	142,434,482
BALANCE, JUNE 30	\$ 37,715,196	\$ 4,092,325	\$ 372,910	\$ 42,180,431	\$ 7,864,743	\$ 95,231	\$ 356,966	\$ 50,497,371

Note: These receipts and disbursements are recorded on the cash basis. Revenues and expenditures reflected in the other supplementary data and basic financial statements are recorded on the accrual and/or modified accrual basis, except as otherwise noted.

COUNTY OF BEDFORD

SCHEDULE 5

**SCHEDULE OF THE TREASURER'S ACCOUNTABILITY TO THE COMMONWEALTH
Year Ended June 30, 2000**

	<u>Balance, July 1</u>	<u>Collections</u>	<u>Remittances</u>	<u>Balance, June 30</u>
2000 Taxes:				
Estimated income taxes	\$ -	\$ 1,892,640	\$ 1,892,640	\$ -
1999 Taxes:				
Taxable year income taxes	-	2,344,278	2,344,278	-
Estimated income taxes	-	2,166,547	2,166,547	-
1998 Taxes:				
Taxable year income taxes	-	112,950	112,950	-
Other Collections:				
Share of fees of sheriff and deputies	-	41,841	41,841	-
Penalties	-	1,783	1,783	-
Interest	-	261	261	-
Total	\$ <u>-</u>	\$ <u>6,560,300</u>	\$ <u>6,560,300</u>	\$ <u>-</u>

This schedule has been prepared on the cash basis of accounting.

COUNTY OF BEDFORD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2000

SCHEDULE 6

<u>Federal Grantor/Pass-through Grantor (Commonwealth of Virginia)/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>Department of Agriculture:</u>		
<u>Pass-through Payments:</u>		
<u>Department of Social Services:</u>		
Food Stamp Program	10.551	\$ 1,725,291
Food Stamp Administration	10.561	295,497
<u>Department of the Agriculture and Consumer Services:</u>		
Food Distribution (Food Donation Program)	10.500	308
National School Lunch Program (Commodities)	10.555	124,689
<u>Department of Education:</u>		
National School Breakfast Program	10.553	240,771
National School Lunch Program	10.555	861,006
Schools and Roads - Grants to States	10.665	7,532
<u>Department Of Justice:</u>		
<u>Direct Payments:</u>		
Missing Children's Task Force	16.543	168,507
Drug Enforcement Task Force	16.500	49,895
Bulletproof Vest Partnership Program	16.607	7,714
Community Oriented Policing Services	16.710	94,160
<u>Pass-through Payments:</u>		
<u>Department of Criminal Justice Services:</u>		
Crime Victim Assistance	16.575	40,056
Drug Control and System Improvement	16.579	65,411
Violence Against Women Formula Grants	16.588	3,916
Local Law Enforcement Block Grant	16.592	922
<u>Department of Labor:</u>		
<u>Direct Payments:</u>		
Job Training Partnership Act	17.250	52,249
<u>Department of Transportation:</u>		
<u>Pass-through Payments:</u>		
<u>Department of Motor Vehicles:</u>		
State and Community Highway Safety	20.600	2,844
163 Funds - .08 BAC Incentive	20.605	13,999

COUNTY OF BEDFORD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2000

SCHEDULE 6

<u>Federal Grantor/Pass-through Grantor (Commonwealth of Virginia)/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>Department of Education:</u>		
<u>Pass-through Payments:</u>		
<u>Federal Emergency Management Agency:</u>		
IHE/LEA Partnerships	83.340	\$ 110,385
<u>Department of Education:</u>		
Title I: Grants to Local Educational Agencies	84.010	625,561
ESEA Chapter II	84.298	52,872
Special Education - Grants to States	84.027	636,475
Special Education - Preschool Grants	84.173	74,937
Vocational Education - Basic Grants to States	84.048	118,999
Drug Free Schools and Communities-State Grants	84.186	43,864
Adult Education-State Administered Basic Grant Program	84.002	25,119
Goals 2000	84.276	71,003
Literacy Challenge Grant	84.318	27,838
Eisenhower Mathematics and Science Education	84.281	66,499
<u>Department of Health and Human Services:</u>		
<u>Pass-through Payments:</u>		
<u>Department of Social Services:</u>		
TANF Block Grant	93.558	206,506
Refugee and Entrant Assistance - State Administered Program	93.566	30,404
Low Income Home Energy Assistance	93.568	19,414
Payments to States for Child Care Assistance	93.575	110,180
Child Care Development Fund	93.596	181,002
Foster Care - Title IV-E	93.658	205,427
Adoption Assistance	93.659	54,721
Social Service Block Grant	93.667	413,595
Independent Living	93.674	4,991
Virginia Children's Medical Insurance Plan	93.767	14,857
Medical Assistance Program (Medical; Title XIX)	93.778	183,729
Total Expenditures of Federal Awards		<u>\$ 7,033,145</u>

Note 1. Basis of Accounting

This schedule was prepared on the budgetary (cash) basis.

Note 2. Nonmonetary Assistance

Nonmonetary assistance is reported in the Schedule of Expenditures of Federal Awards at the fair market value of the food commodities or food stamps disbursed. At June 30, 2000, the County had food commodities and food stamps totaling \$579 and \$51,466 in inventory. The Bedford County School Board had food commodities totaling \$80,700 in inventory at June 30, 2000.

COUNTY OF BEDFORD

**COMPUTATION OF LEGAL DEBT LIMIT
June 30, 2000**

No bond debt limit is imposed on the County under current state law or the County's code. The County's Board of Supervisors adopted a Debt Obligation Policy on March 10, 1997. The debt policy is designed to provide guidance to the County and its operating units in the issuance of debt and similar obligations. For purposes of this policy, capital lease obligation, whereas not legally considered debt of the County, shall be treated as such. The policy contains three debt parameters:

- Net Debt as a percentage of Assessed Value of Real Estate will not exceed 3.5%
- Net Debt per Capita will not exceed \$1,750.
- General Obligation Debt Service and Capital Lease payments as a percentage of General Governmental Expenditures will not exceed 15%.

COMPUTATION OF DEBT LIMITS BASED ON ADOPTED PARAMETERS

NET DEBT TO ASSESSED VALUE OF REAL ESTATE

Assessed Value of Real Estate for fiscal year	\$3,453,901,005
Net Debt	\$82,356,905
Net Debt to Assessed Value	2.38%

NET DEBT PER CAPITA

Population	57,500
Net Debt Per Capita	\$1,432

NET DEBT SERVICE PAYMENTS AS PERCENTAGE OF GENERAL GOVERNMENTAL EXPENDITURES

Net Debt Service Payments for fiscal year	\$8,435,052
General Governmental Expenditures excluding capital project expenditures	\$89,603,915
Percentage of General Governmental Expenditures	9.41%

COUNTY OF BEDFORD

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR DEFINED BENEFIT PENSION PLAN
June 30, 2000

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
A. County of Bedford Employees						
June 30, 1999	\$ 18,511,388	\$ 19,652,689	\$ 1,141,301	94.2 %	\$ 6,973,402	16.4 %
June 30, 1998	\$ 15,890,917	\$ 15,876,642	\$ (14,275)	100.1 %	\$ 6,180,263	(0.2) %
June 30, 1996	\$ 11,350,246	\$ 12,583,492	\$ 1,233,246	90.2 %	\$ 5,588,790	22.1 %
June 30, 1994	\$ 8,911,043	\$ 9,407,280	\$ 496,237	94.7 %	\$ 4,930,327	10.1 %
B. Bedford County School Board Employees:						
June 30, 1999	\$ 6,069,316	\$ 6,042,068	\$ 27,248	100.5 %	\$ 3,046,719	(.9) %
June 30, 1998	\$ 5,182,032	\$ 5,630,199	\$ (448,167)	92.0 %	\$ 2,809,078	16.0 %
June 30, 1996	\$ 3,654,324	\$ 4,205,438	\$ (551,114)	86.9 %	\$ 2,509,398	22.0 %
June 30, 1994	\$ 2,697,659	\$ 2,734,818	\$ (37,159)	98.6 %	\$ 2,301,761	1.6 %
C. Bedford Public Library Employees:						
June 30, 1999	\$ 544,450	\$ 484,696	\$ (59,754)	112.3 %	\$ 350,890	(17.0) %
June 30, 1998	\$ 446,320	\$ 443,734	\$ (2,586)	100.6 %	\$ 339,321	(.8) %
June 30, 1996	\$ 286,368	\$ 262,287	\$ (24,081)	109.2 %	\$ 245,341	(9.8) %

STATISTICAL SECTION

**THE COUNTY DOES NOT HAVE ANY
OVERLAPPING DEBT.**

COUNTY OF BEDFORD

TABLE 1

GENERAL GOVERNMENT REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Years Ended June 30	General Property Taxes	Other Local Taxes	Permits, Privilege Fees and Regulatory Licenses	Fines and Forfeitures	Revenue from the use of Money and Property	Charges for Services	Other Revenue	Recovered Costs	Inter- governmental	Totals
2000	\$ 32,662,307	\$ 5,891,040	\$ 542,042	\$ 110,914	\$ 2,575,882	\$ 2,446,809	\$ 418,727	\$ 4,702,339	\$ 47,619,116	\$ 96,969,176
1999	\$ 31,440,866	\$ 5,636,269	\$ 584,639	\$ 93,521	\$ 1,965,082	\$ 2,374,239	\$ 697,932	\$ 4,488,034	\$ 39,628,203	\$ 86,908,785
1998	\$ 28,785,435	\$ 4,809,830	\$ 433,895	\$ 65,245	\$ 1,496,847	\$ 2,582,923	\$ 607,674	\$ 4,444,744	\$ 39,045,407	\$ 82,272,000
1997	\$ 22,044,964	\$ 4,288,331	\$ 438,277	\$ 46,293	\$ 809,790	\$ 2,228,431	\$ 1,797,617	\$ 4,351,106	\$ 35,640,627	\$ 71,645,436
1996	\$ 19,632,839	\$ 4,113,186	\$ 396,059	\$ 10,980	\$ 843,598	\$ 2,221,120	\$ 264,395	\$ 3,880,525	\$ 34,149,485	\$ 65,512,187
1995	\$ 18,266,709	\$ 3,784,342	\$ 439,400	\$ 11,049	\$ 910,664	\$ 4,272,534	\$ 732,531	\$ 4,239,998	\$ 30,229,668	\$ 62,886,895
1994	\$ 17,498,540	\$ 3,462,907	\$ 291,239	\$ 11,990	\$ 296,633	\$ 2,465,349	\$ 251,312	\$ 3,881,641	\$ 27,645,831	\$ 55,805,442
1993	\$ 16,023,485	\$ 2,831,515	\$ 219,776	\$ 10,263	\$ 287,357	\$ 1,521,256	\$ 174,963	\$ 3,575,978	\$ 25,712,732	\$ 50,357,325
1992	\$ 14,868,286	\$ 2,212,996	\$ 201,579	\$ 12,045	\$ 308,053	\$ 1,431,482	\$ 109,283	\$ 3,339,783	\$ 23,895,082	\$ 46,378,589
1991	\$ 14,049,878	\$ 1,820,668	\$ 205,387	\$ 9,953	\$ 623,907	\$ 1,561,456	\$ 77,104	\$ 3,365,639	\$ 23,633,800	\$ 45,347,792

Note: (1) Includes General Fund and Component Unit - School Board and Bedford Public Library

COUNTY OF BEDFORD

TABLE 2

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
Last Ten Fiscal Years

Fiscal Years Ended June 30	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation and Culture	Community Development	Debt Service	Totals
2000	\$ 2,149,863	\$ 775,832	\$ 7,098,194	\$ 3,623,734	\$ 6,853,367	\$ 56,488,295	\$ 2,723,563	\$ 1,433,656	\$ 8,457,411	\$ 89,603,915
1999	\$ 2,298,565	\$ 740,539	\$ 6,335,703	\$ 3,784,264	\$ 5,635,289	\$ 49,005,872	\$ 2,516,905	\$ 966,793	\$ 8,105,046	\$ 79,388,976
1998	\$ 1,880,364	\$ 632,746	\$ 6,883,751	\$ 3,242,713	\$ 4,778,170	\$ 43,208,428	\$ 2,419,481	\$ 1,063,799	\$ 6,652,797	\$ 70,762,249
1997	\$ 1,443,421	\$ 539,518	\$ 6,048,366	\$ 2,836,417	\$ 4,377,575	\$ 42,313,328	\$ 2,200,274	\$ 552,266	\$ 5,798,904	\$ 66,110,069
1996	\$ 1,417,755	\$ 458,291	\$ 6,222,557	\$ 2,886,739	\$ 3,455,421	\$ 40,844,309	\$ 2,093,060	\$ 471,843	\$ 5,571,789	\$ 63,421,764
1995	\$ 1,539,156	\$ 427,356	\$ 5,632,194	\$ 3,171,894	\$ 2,890,654	\$ 38,069,180	\$ 1,665,421	\$ 463,188	\$ 4,307,212	\$ 58,166,255
1994	\$ 1,304,171	\$ 393,160	\$ 4,374,514	\$ 2,009,071	\$ 2,489,055	\$ 35,368,343	\$ 892,572	\$ 472,716	\$ 12,536,398	\$ 59,840,000
1993	\$ 1,209,704	\$ 371,237	\$ 3,913,530	\$ 1,067,757	\$ 2,154,391	\$ 34,961,587	\$ 856,696	\$ 353,292	\$ 3,157,961	\$ 48,046,155
1992	\$ 1,173,650	\$ 330,438	\$ 3,187,677	\$ 1,579,665	\$ 2,076,291	\$ 33,580,051	\$ 613,828	\$ 371,130	\$ 2,769,921	\$ 45,682,651
1991	\$ 1,224,802	\$ 342,919	\$ 2,993,407	\$ 818,336	\$ 1,974,354	\$ 33,716,705	\$ 683,091	\$ 359,404	\$ 2,871,952	\$ 44,984,970

Note: (1) Includes General Fund and Component Unit - School Board and Bedford Public Library (exclusive of Capital Projects).

(2) Debt service for FYE 6/30/94 included \$8,700,000 in bond refunding expenditures.

COUNTY OF BEDFORD

TABLE 3

**ASSESSED VALUE OF TAXABLE PROPERTY (1)
Last Ten Fiscal Years**

Fiscal Years Ended June 30		Real Estate (2)	Personal Property (3)	Mobile Homes	Machinery & Tools (3)	Merchant's Capital (3)	Public Service	Total
2000	(4)	\$ 3,453,901,005	\$ 130,826,584	\$ 36,600,953	\$ 35,880,860	\$ 7,330,236	\$ 201,305,985	\$ 3,865,845,623
1999	(4)	\$ 3,125,157,225	\$ 147,544,413	\$ 41,825,380	\$ 34,684,687	\$ 7,009,649	\$ 166,348,086	\$ 3,522,569,440
1998	(5)	\$ 2,530,351,710	\$ 136,936,230	\$ 35,553,959	\$ 19,122,029	\$ 6,565,723	\$ 161,909,956	\$ 2,890,439,607
1997	(5)	\$ 2,456,652,146	\$ 124,487,482	\$ 34,856,823	\$ 18,211,456	\$ 6,436,983	\$ 168,875,638	\$ 2,809,520,528
1996	(5)	\$ 2,364,073,182	\$ 110,307,809	\$ 31,941,285	\$ 15,586,982	\$ 6,037,170	\$ 171,103,259	\$ 2,699,049,687
1995	(5)	\$ 1,685,586,309	\$ 100,185,454	\$ 32,030,541	\$ 15,111,104	\$ 5,949,236	\$ 119,978,169	\$ 1,958,840,813
1994	(5)	\$ 1,634,774,534	\$ 86,062,646	\$ 30,177,486	\$ 14,876,749	\$ 5,379,709	\$ 119,464,852	\$ 1,890,735,976
1993	(5)	\$ 1,599,273,019	\$ 71,164,974	\$ 30,202,284	\$ 24,367,383	\$ 5,168,398	\$ 123,886,512	\$ 1,854,062,570
1992	(5)	\$ 1,493,512,542	\$ 56,574,769	\$ 30,724,138	\$ 23,487,724	\$ 6,065,547	\$ 125,866,979	\$ 1,736,231,699
1991	(5)	\$ 1,429,363,469	\$ 63,953,701	\$ 29,003,024	\$ 12,374,297	\$ 4,618,071	\$ 125,997,739	\$ 1,665,310,301

- Note: (1) Assessed values of all classes of property at estimated market value as of assessment date unless otherwise noted.
(2) The County performs reassessments every four years. The last reassessment was effective January 1, 1999.
(3) An assessment rate of 20% is applied to the estimated market value to determine the assessed value for calculation of the tax levy.
(4) Amount reflects assessed value of property upon which taxes were collected during the fiscal year.
(5) Amount reflects assessed value of property for the calendar year.

COUNTY OF BEDFORD

TABLE 4

**PROPERTY TAX RATES (1)
Last Ten Calendar Years**

Calendar Year	Real Estate	Personal Property (2)	Mobile Homes	Machinery & Tools (2)	Merchant's Capital (2)
2000	\$ 0.67	\$ 8.50	\$ 0.67	\$ 6.00	\$ 1.10
1999	\$ 0.59	\$ 8.50	\$ 0.59	\$ 6.00	\$ 1.10
1998	\$ 0.64	\$ 8.50	\$ 0.64	\$ 6.00	\$ 1.10
1997	\$ 0.58	\$ 8.50	\$ 0.58	\$ 6.00	\$ 1.10
1996	\$ 0.49	\$ 6.50	\$ 0.49	\$ 6.00	\$ 1.10
1995	\$ 0.44	\$ 6.50	\$ 0.44	\$ 6.00	\$ 2.20
1994	\$ 0.65	\$ 6.50	\$ 0.65	\$ 6.00	\$ 2.20
1993	\$ 0.65	\$ 6.50	\$ 0.65	\$ 6.00	\$ 2.20
1992	\$ 0.62	\$ 6.00	\$ 0.62	\$ 6.00	\$ 2.20
1991	\$ 0.62	\$ 6.00	\$ 0.62	\$ 6.00	\$ 2.20

- Note: (1) Per \$100 assessed value.
(2) An assessment rate of 20% is applied to the estimated market value to determine the assessed value for calculation of the tax levy.

COUNTY OF BEDFORD
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

TABLE 5

Fiscal Years Ended June 30		Current Tax Levy (1)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections (3)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (3)	Percent of Delinquent Taxes to Tax Levy
2000	(2)	\$ 34,443,173	\$ 31,827,207	92.40%	\$ 1,464,575	\$ 33,291,782	96.66%	\$ 3,280,524	9.52%
1999	(2)	\$ 31,461,618	\$ 29,022,462	92.25%	\$ 1,032,690	\$ 30,055,152	95.53%	\$ 2,874,494	9.14%
1998	(2)	\$ 28,832,987	\$ 26,776,290	92.87%	\$ 1,555,248	\$ 28,331,538	98.26%	\$ 2,415,153	8.38%
1997	(2)	\$ 21,881,102	\$ 20,854,299	95.31%	\$ 827,416	\$ 21,681,715	99.09%	\$ 901,121	4.12%
1996	(2)	\$ 18,578,750	\$ 18,012,372	96.95%	\$ 738,012	\$ 18,750,384	100.92%	\$ 1,330,077	7.16%
1995	(2)	\$ 17,290,246	\$ 16,505,339	95.46%	\$ 710,071	\$ 17,215,410	99.57%	\$ 1,597,739	9.24%
1994	(2)	\$ 17,253,882	\$ 16,713,483	96.87%	\$ 573,275	\$ 17,286,758	100.19%	\$ 1,034,154	5.99%
1993	(2)	\$ 14,866,978	\$ 14,292,386	96.14%	\$ 510,653	\$ 14,803,039	99.57%	\$ 847,094	5.70%
1992	(2)	\$ 14,857,597	\$ 14,166,479	95.35%	\$ 485,626	\$ 14,652,105	98.62%	\$ 872,379	5.87%
1991	(2)	\$ 14,248,411	\$ 13,571,882	95.25%	\$ 300,146	\$ 13,872,028	97.36%	\$ 1,048,200	7.36%

Note: (1) Current tax levy is net of abatements, land use redemptions, tax relief and supplemental levies for prior fiscal years.

(2) Includes first half of subsequent year's real estate.

(3) For the years 91-94, delinquent tax collections and outstanding delinquent taxes included only the three prior years.
For years after 1995, all prior years are included.

COUNTY OF BEDFORD
RATIO OF NET GENERAL BONDED DEBT TO
ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
Last Ten Fiscal Years

TABLE 6

Fiscal Years Ended June 30	Population (1)	Assessed Value	Gross and Net Bonded Debt (2)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2000	57,500	\$ 3,865,845,623	\$ 59,961,989	1.55%	\$ 1,043
1999	56,600	\$ 3,522,569,440	\$ 47,593,989	1.40%	\$ 841
1998	56,100	\$ 2,890,439,607	\$ 45,781,329	1.58%	\$ 816
1997	54,400	\$ 2,809,520,528	\$ 34,418,669	1.10%	\$ 633
1996	52,800	\$ 2,699,049,687	\$ 36,686,009	1.36%	\$ 695
1995	51,900	\$ 1,958,840,813	\$ 28,793,349	1.47%	\$ 555
1994	50,100	\$ 1,890,735,976	\$ 36,374,689	1.92%	\$ 726
1993	48,500	\$ 1,854,062,570	\$ 23,393,492	1.26%	\$ 482
1992	47,200	\$ 1,736,231,699	\$ 16,585,875	0.96%	\$ 351
1991	45,476	\$ 1,665,310,301	\$ 17,828,630	1.07%	\$ 392

Note: (1) Weldon Cooper Center, University of Virginia, June 30 estimates.

(2) Includes all long term general obligation bonded debt and State Literary Fund Loans. Excludes capital leases.

COUNTY OF BEDFORD
CONSTRUCTION ACTIVITY AND PROPERTY VALUE
Last Ten Fiscal Years

TABLE 7

Fiscal Years Ended June 30	Residential	Commercial	MH	Alt/Add	Other	Total	Value
2000	467	76	392	378	1066	2,379	\$ 89,620,801
1999	505	115	489	419	1025	2,553	\$ 122,327,654
1998	494	89	421	454	923	2,381	\$ 96,718,322
1997	523	92	456	437	890	2,398	\$ 97,227,507
1996	548	59	380	464	815	2,266	\$ 85,494,953
1995	509	33	451	478	821	2,292	\$ 303,782,750
1994	587	53	404	403	769	2,216	\$ 78,462,081
1993	535	35	413	348	668	1,999	\$ 75,438,404
1992	502	30	369	373	731	2,005	\$ 57,092,877
1991	397	19	353	310	829	1,908	\$ 57,890,320

Source - Bedford County Department of Community Development, Division of Building Inspection.

COUNTY OF BEDFORD

PRINCIPAL TAXPAYERS
June 30, 2000

TABLE 8

Taxpayer Name	Type of Business	Total Tax
Georgia-Pacific	Manufacturer	\$ 1,521,719
Appalachian Power	Utility	696,550
Bell Atlantic-VA, Inc.	Utility	301,917
Barr Laboratories	Manufacturer	235,583
Norfolk Western	Railroad	134,061
Southside Electric Corporation	Utility	97,758
Allen Telecom, Inc.	Manufacturer	90,604
Sentry Equipment Erectors	Manufacturer	70,557
Blue Ridge Stone	Business	69,469
Bunker Hill Foods	Manufacturer	64,170
		<u>\$ 3,282,388</u>

The above taxpayers represent 10% of the County's total tax revenue.

COUNTY OF BEDFORD

DEMOGRAPHIC STATISTICS
Last Ten Calendar Years

TABLE 9

CALENDAR YEAR	POPULATION (1)	PER CAPITA INCOME (2)	ENROLLMENT (3)	UNEMPLOYMENT RATES (4)
1999	57,500	N/A	10,477	2.3%
1998	56,600	24,279	10,303	2.4%
1997	56,100	22,169	10,350	2.8%
1996	54,400	21,453	10,196	3.4%
1995	52,800	21,033	9,956	3.8%
1994	51,900	19,192	9,489	3.9%
1993	50,100	18,618	9,195	4.9%
1992	48,500	17,857	8,847	6.2%
1991	47,200	17,477	8,633	5.6%
1990	45,476	17,094	8,200	4.2%

(1) Population is based on figures available from Weldon Cooper Center, University of Virginia.

(2) Source - U.S. Department of Commerce, Bureau of Economic Analysis. Amount is for County of Bedford and City of Bedford, Virginia.

(3) Source - Department of Education, Commonwealth of Virginia.

(4) Source - Virginia Employment Commission, Economic Information Service.

COUNTY OF BEDFORD

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
BONDED DEBT(1) TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
Last Ten Fiscal Years**

TABLE 10

Fiscal Year	Principal (1)	Interest (1,2)	Total Debt Service	Total General Governmental Expenditures (3)	Ratio of Debt Service to General Governmental Expenditures
2000	\$ 3,862,340	\$ 2,564,479	\$ 6,426,819	\$ 89,603,915	7.17%
1999	\$ 3,387,340	\$ 2,549,349	\$ 5,936,689	\$ 79,388,976	7.48%
1998	\$ 2,397,340	\$ 1,920,965	\$ 4,318,305	\$ 70,762,249	6.10%
1997	\$ 2,457,340	\$ 2,037,479	\$ 4,494,819	\$ 66,110,069	6.80%
1996	\$ 3,018,100	\$ 1,856,429	\$ 4,874,529	\$ 63,421,764	7.69%
1995	\$ 2,088,473	\$ 1,691,379	\$ 3,779,852	\$ 58,166,255	6.50%
1994	\$ 1,898,803	\$ 1,410,235	\$ 3,309,038	\$ 59,840,000	5.53%
1993	\$ 1,362,383	\$ 1,258,218	\$ 2,620,601	\$ 48,046,155	5.45%
1992	\$ 1,242,755	\$ 999,806	\$ 2,242,561	\$ 45,682,651	4.91%
1991	\$ 1,226,023	\$ 1,103,850	\$ 2,329,873	\$ 44,984,970	5.18%

(1) Includes all general obligation bonded debt and State Literary Fund Loans. Excludes capital leases.

(2) Excluding bond issuance and other costs.

(3) Includes all Governmental Fund Types and Discretely Presented Component Units, exclusive of capital project expenditures.

COUNTY OF BEDFORD

**OTHER DATA
June 30, 2000**

TABLE 11

Date Established:	1754
Form of Government:	Traditional - County Administrator
Land Area:	765 sq. miles
Population:	57,500
Miles of Roads & Streets:	<div>Primary: 193</div> <div>Secondary: 946</div>
Fire Protection:	<div>Number of Stations: 16</div> <div>Number of Firemen: 377</div>
Police Protection:	<div>Number of Stations: 1</div> <div>Number of Deputies: 66</div>
Education:	<div>Number of Schools: 21</div> <div>Number of Students: 10,477</div> <div>Number of Full-Time Personnel: 1,320</div>
Building Permits:	<div>Total Number Issued: 2,379</div> <div>Value of Permits: \$ 89,620,801</div>
Employees:	<div>Number of Full-Time Equivalent Positions for the Primary Government: 283</div>

COMPLIANCE SECTION

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Members of Board of Supervisors
County of Bedford
Bedford, Virginia

We have audited the general purpose and combining financial statements of the County of Bedford as of and for the year ended June 30, 2000, and have issued our report thereon dated October 6, 2000. We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *the Specifications for Audits of Counties, Cities and Towns, Specifications for Audits of Authorities, Boards, and Commissions*, and *Specifications for Audits of Industrial Development Authorities*, each issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Compliance

As part of obtaining reasonable assurance about whether the County's general purpose and combining financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including certain provisions of the compliance matters described in the Summary of Compliance Matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed three instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as items 00-1, 00-2, and 99-4.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 97-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable condition referred to above is a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management in a separate letter dated October 6, 2000.

This report is intended solely for the information of management, state and federal awarding agencies, and pass-through entities and the Bedford County Board of Supervisors and is not intended to be, and should not be, used by anyone other than these specified parties.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 6, 2000

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Members of Board of Supervisors
County of Bedford
Bedford, Virginia

Compliance

We have audited the compliance of the County of Bedford, Virginia, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of management, state and federal awarding agencies and pass-through entities, and the Bedford County Board of Supervisors and is not intended to be, and should not be, used by anyone other than those specified parties.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 6, 2000

COUNTY OF BEDFORD
SUMMARY OF COMPLIANCE MATTERS
June 30, 2000

As more fully described in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia:

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Local Retirement Systems
Debt Provisions
Procurement Laws
Uniform Disposition of Unclaimed Property Act
Personal Property Tax Relief Act

State Agency Requirements:

Education
Comprehensive Services Act
Social Services

FEDERAL COMPLIANCE MATTERS

U.S. Office of Management and Budget (OMB A-133) Compliance Supplement

Provisions and conditions of agreements related to federal programs selected for testing.

COUNTY OF BEDFORD

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2000**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements.
2. One reportable condition relating to the audit of the financial statements is reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The reportable condition was deemed to be a material weakness.
3. No instances of noncompliance material to the general purpose financial statements were disclosed during the audit.
4. No reportable conditions are disclosed in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the County of Bedford expresses an unqualified opinion.
6. The audit disclosed no audit findings relating to major programs.
7. The programs tested as major include:

National School Breakfast Program	10.553
National School Lunch Program	10.555
Food Stamp Program	10.551
Special Education Grants to States	84.027
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The County of Bedford was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

REPORTABLE CONDITIONS

97-1: Segregation of Duties

Condition:

A fundamental concept of internal controls is the separation of duties. No one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction. Currently, within individual departments, purchasing and receiving functions are performed by the same individuals. Also, at the School Board the same individuals prepare the payroll and distributes the checks.

Recommendation:

Steps should be taken to eliminate performance of conflicting duties where possible.

Response:

The auditee concurs with this recommendation. County management has taken all steps deemed practical and cost beneficial to minimize conflicting duties.

C. FINDINGS AND QUESTIONED COSTS -MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

COUNTY OF BEDFORD

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2000**

D. FINDINGS AND QUESTIONED COSTS – COMMONWEALTH OF VIRGINIA

00-1: Commonwealth of Virginia: Virginia Security for Public Deposits Act

Condition:

Two cash accounts were not properly identified as holding public funds and have not been reported to the State Department of the Treasury by the depository.

Recommendation:

Procedures should be implemented to ensure that all public deposits are identified as public funds in accordance with the Virginia Security for Public Deposits Act.

Management response:

The auditee concurs with this recommendation.

00-2: Commonwealth of Virginia: Virginia Security for Public Deposits Act

Condition:

One petty cash account exceeded the \$5,000 maximum at June 30, 2000.

Recommendation:

Procedures should be established to ensure that all petty cash accounts are monitored and do not exceed the \$5,000 maximum.

Management response:

The auditee concurs with this recommendation.

99-4: Commonwealth of Virginia: Department of Social Services

Condition:

The County of Bedford does not have a contingency management plan in place as required by the Commonwealth of Virginia.

Recommendation:

The County of Bedford should develop and test such a plan that would allow normal activities of the Department to continue in the event of an emergency.

Management response:

The auditee concurs with this recommendation and the Director of Social Services has agreed to work with the County in developing a contingency management plan.

COUNTY OF BEDFORD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2000

DEPARTMENT OF JUSTICE

99-1: Drug Enforcement Task Force

Conditions:

The Annual Certification Report was not filed for fiscal year 1996-1997 and 1997-1998 until March 1999. The report for fiscal year 1998-1999 had not been filed as of the date of review of the program (October 27, 1999).

Recommendation:

Procedures should be put into place to ensure that the report is filed timely.

Current status:

The County adopted a policy to require a copy of the Annual Certification Report be presented to the Director of Fiscal Management by the due date. The 2000 report was filed timely.

99-2: Drug Enforcement Task Force

Conditions:

Data used to complete the Annual Certification Reports for 1996-1997 and 1997-1998 was not accurate based on a review of information provided by the Sheriff's Department.

Recommendation:

The Sheriff should forward the reports to the Director of Fiscal Management prior to filing.

Current status:

The County adopted a policy for the Annual Certification Report to be presented to the Director of Fiscal Management prior to filing. For 2000, a copy of the report was presented to the Director of Fiscal Management.

DEPARTMENT OF AGRICULTURE

99-3: Food Stamp Program

Conditions:

The security over food stamp inventory is such that two individuals can access the allotment of food stamps without another individual present.

Recommendation:

Procedures should be established to ensure that the food stamp inventory is placed in a secure location.

Current status:

The Department of Social Services adopted a policy to require two people to be present when food stamps are taken from the vault and requires dual signatures to verify that all disbursements are made in the presence of two employees.